The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

New Military Deal in Japan and Possible Effect on Foreign Policies

ARTICLES IN THIS ISSUE

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(By the Review's Harbin Correspondent)

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SECRET JAPAN-MANCHUKUO DEALS AT TIENTSIN

THE *Shun Pao*, one of the two leading Chinese dailies at Shanghai, reported in its issue of Feb. 27 the "secret" arrival in Tientsin of Li Shao-keng, Minister of Communications of Manchukuo. Li was accompanied by a number of assistants, including several Japanese. A later report stated that several officials of the Manchukuo Ministry of Finance also had arrived in Tientsin. In both reports it was claimed the officials of the puppet state were in Tientsin for the purpose of investigating finance and communications. But on March 6 the Japanese *Domei* service disclosed the real reason for the presence of these Manchukuo officials in North China: They signed an agreement with officials of the Ministry of Railway for the resumption of through railway freight traffic between China and Manchukuo, the names of those representing China not being disclosed. Those on the Manchukuo side represented the state railways of the puppet "nation," the Kwantung branch of the Imperial Japanese army and the Japanese government-controlled and operated South Manchuria railway.

But the most interesting part of the story is yet to be disclosed: The *Sin Wan Pao*, the other leading Chinese paper in Shanghai reported in its issue of March 6 that Yin Ju-keng, "notorious leader of the bogus regime of East Hopei, who spent a few days in Tientsin conferring with Japanese military officers, departed by airplane for his headquarters at Tungchow (near Peiping)." The reason for Yin's presence in Tientsin at this particular time was due to the fact that it was necessary to obtain Yin's consent to the deal for establishing through railway traffic between China and Manchukuo — because the Peiping-Mukden railway line runs through Yin's territory, otherwise the so-called "East Hopei Anti-Communist Autonomous Government." The *Domei* report referring to the Sino-Manchukuo through traffic agreement said that the contract was signed at 10 o'clock on the morning of March 6; hence Yin must have returned to his "capital" immediately afterward. It will be remembered that shortly after Yin Ju-keng, with the help of Japanese military officers, established his "autonomous" government within the demilitarized

zone of northern Hopei he "held-up" the Peiping - Mukden railway administration for $100,000 a month, threatening that if the railway authorities did not "come through" he would seize the stations and collect his own revenues.

The *Ta Kung Pao*, leading Chinese newspaper in Tientsin, referring to Yin Ju-keng's presence in that city said that he had called on Major-General Hayao Tada, Commander of the Japanese troops in Tientsin and the two had arranged for the recruiting of more Chinese soldiers to join the Peace Preservation Corps within the zone. The Chinese troops will be trained for the anti-communist campaign by Japanese military officers loaned by the Japanese garrison at Tientsin, thus indicating that Point Three of Koki Hirota's program for Sino-Japanese cooperation against communism has already been put into effect so far as Yin Ju-keng's "government" is concerned. But of greatest interest, obviously, was the presence of the "notorious" Yin Ju-keng, against whom the National government allegedly has issued an order of arrest for traitorous activities, at a conference of Chinese, Japanese and Manchukuoan officials called for the purpose of arranging through freight traffic between North China and the puppet state.

Of further interest in connection with recent Tientsin developments were the following items culled from newspaper reports:

Tientsin, March 9, (*Shun Pao*) The Japanese Ministry of Colonies has decided to send one of its high officials to Tientsin for the purpose of cooperating with the recently organized North China Cotton Improvement Committee, the object being to speed up the development of cotton culture in the North. It is reported that the Hopei-Chahar Political Council as well as the East Hopei regime have adopted the Japanese five-year cotton improvement plan for North China. Large Japanese textile interests have pledged their support of the movement.

Tientsin, March 9, (*Shun Pao*) Gen. Hayao Tada, Commander of the Japanese garrison forces in Tientsin was host to a large number of Chinese officials and former officials this evening, the guests including Wang Yi-tang, Tsao Yu-lin, Lu Tsung-yu and Generals Hsiao Chen-yin, Chang Tze-chung and others.

Tientsin, March 8 (*Shun Pao*) The Manchukuo Foreign Ministry has opened an office in Tientsin which will be in charge of Pao Kwan-tseng.

Tientsin, March 8 (*Sin Wan Pao*) Three Japanese military planes, carrying Japanese passengers, landed here this morning. The Japanese passengers, all of whom were armed, immediately went to the Japanese garrison headquarters after landing and no one was permitted to approach the airdrome where the planes landed.

Tientsin, Feb. 25 (*Chugai Shimbun*, Tokyo) The Japanese military authorities and the Mitsui interests will shortly begin construction at Tientsin on an extensive plant for the manufacture of arms, munitions and heavy steel industrial equipment. The Tientsin plant will be a branch of the Mukden arsenal, originally constructed by the late Marshal Chang Tso-ling and his son Chang Hsueh-liang, but taken over by the Japanese army and operated as a private enterprise enjoying monopolistic privileges by the Mitsui interests. The capital of the arsenal is to be expanded from Yen 3,000,000 to Yen 6,000,000 to cover the development at Tientsin.

Tientsin, Feb. 19 (*Central News*) The Japanese military authorities and a Japanese concern affiliated with the South Manchuria Railway recruited some 1,500 Chinese laborers here for work on the Hulutao harbor project.

Tientsin, Feb. 15. (*Domei*) It was announced today that the initial cost of strengthening the Japanese garrison here, estimated at Yen 3,000,000, will be provided from the funds of the Kwantung army, but regular funds covering the extra expense will be voted at the extraordinary session of the Diet to be convened between April 10 and 20.

Tientsin, Feb. 8 (*Tokyo Asahi*) Gen. Sung Che-yuan, Chairman of the Hopei-Chahar Political Council, today called on the Japanese Consul-General, Mr. Kawagoe, and apologized for the Taku incident. *Note*—The Taku incident occurred several weeks ago and involved the raiding of two Korean dope shops by Chinese soldiers.

Tientsin, Feb. 8 (*Central News*) A three-kilowatt radio transmitter will shortly be installed here by the Ministry of Communications for the proposed Tientsin-Tokyo direct radio service. Heretofore all Japan-bound messages have passed through the Chinese Government Radio Administration at Shanghai.

Of interest in connection with Dr. Hu Shih's campaign for the publication of all secret Sino-Japanese treaties and understandings since the Tangku Truce of May 31, 1932, was the recent publication in one of the Japanese newspapers in Tientsin of the alleged terms of the so-called Ho-Umetsu "agreement" allegedly signed by Gen. Ho Ying-chin, Minister of War of the National Government, in the summer of 1935. However, Gen. Ho later denied that he had signed any agreement with Gen. Umetsu, then commander of the Japanese garrison at Tientsin, stating that he had merely acknowledged receipt of a letter from the Japanese commander outlining the Japanese demands, which, according to the Tientsin Japanese newspaper were to the following effect:

Clause I.

China must agree to accept and act accordingly with the following terms demanded by Japan:—

1. Dismiss General Yu Shuen-chung and his followers from their respective posts in Hopei Province.
2. Dismiss Chiang Shou-sing (Chiang Kai-shek's nephew), Ting Chong, Teng Kung-chung, Ho I-fen and keep them away from Hopei.
3. Remove the M.P. (Military Police) from Peking and its surrounding districts.
4. Dissolve the Political Training Corps of Peking Military Council and suppress further issue of the Peking Military Magazine.
5. Prohibit the existence of all Blue Shirt Organization or the like one in N. China because they have a hostle anti-Japanese attitude.
6. All Kuo-Ming-Tang Parties established in N. China must be suppressed and dismembered.
7. The 51st Division Army must be removed from Hopei Province.
6. The 2nd and 25th Division Armies and the students Training Corps attached to them must be removed and the latter one must be abolished.
9. All anti-Japanese activities in all China must be strictly stopped.

Clause II.

The above mentioned terms must be properly carried out by China and at the same time, China must agree to the following terms:—

1. All conditions which China has promised to carry out, must be done at a promised period. Anybody or organization which has anti-Japanese sentiment must be suppressed and not allowed to exist again in N. China.
2. Any provincial officials to be appointed in N. China, must be consulted with and agreed upon by the Japanese Kwantung Army.
3. Japan is entitled to take precautious activities during the period of execution of the above mentioned demands.

This memorandum is solely prepared for you.

Name of the sender.

9-6-10 (Japanese calendar)

Gambling, Prostitution, Opium and "Autonomy" Fostered by Japanese in Fukien Province

THE dispatch of the 12th Division to Manchuria, described as the "greatest mobilization of Japanese troops since the Russo-Japanese war of 1904-1905" indicates the possibility of early stirring events on the Manchurian-Mongolian front. But this doesn't obscure the fact that equally serious though less sensational things are happening nearer Shanghai on the Fukien provincial front. Little has appeared in the Shanghai newspapers, but the papers in Chengchow, Fukien, Hongkong and at Canton have recently published articles about what is now described as the "autonomous state" in southern Fukien. The accounts sound quite similar to those which appeared in the papers in North China a few months ago prior to the creation of the East Hopei "government," the so-called Mongol autonomy regime at Changpeh and the Hopei-Chahar political council. One report in the *Jih Pao*, published at Chengchow, southern Fukien, told of a "notorious" Kou Yi, a Formosan who previously served as a volunteer in Manchuria, later followed banditry in Shansi, following which he went to southern Fukien where he was appointed a divisional commander by the warlord Chow Ying-jen who ousted Chow Tso-ping from the district. Later Kou and Chow Ying-jen joined forces with Yang Han-lin, described as the "most influential bandit in Fukien." Kou is said to be receiving Japanese financial support and recently was appointed chairman of a new organization known as the "Autonomy Promotion Association," the purpose of which is generally known. The organization recently entertained Gen. Matsui, promoter of the Japanese Pan-Asiatic doctrine, whose activities in Canton received major attenton in the Chinese newspapers. In addition to the foregoing reports the *Ta Mai Wan Pao* (Shanghai) published an article in its issue of March 3 which told of meetings in Fukien of another organization known as the "Self-Governing Promotion Society which allegedly went so far as to appoint various committees for the purpose of taking over the administration of the province under an autonomy regime. It told of secret meetings held in Kulanyu, opposite Amoy and elsewhere and listed the names of "traitors," chiefly Chinese of Formosan (Japanese) nationality who are promoting the movement. However, they are not all Formosans as many Chinese are also participating through recently formed Sino-Japanese societies, including the Pan-Asiatic League, Sino-Japanese Friendly Association, Tseng Chen-kung Association, Amoy-Kulanyu Club and the Chiu-Chiu Society, all of which have been promoted by Japanese military men in Fukien province in recent months.

But of greater significance than any of the foregoing reports was an article which appeared in the March *Chinese Recorder*, leading journal devoted to Christian missionary work in China. The article in the *Recorder*, based on an authoritative survey was entitled "Exterritorial Vice-Centers" and was to the following effect:

"Being interested in all influences which affect the life and habits of Chinese young men and at the same time eager to foster feelings of international good-will and peace, a small group of friends of various nationalities have been bitterly disturbed over recent facts which have been brought to light in Foochow and Amoy. These two port cities, located along the coast of Fukien, are directly across the channel from Formosa and as such have been for some time past, "hot spots" so far as Sino-Japanese relationships are concerned. Both cities contain quite a large population of Formosans, who live and work under Japanese protection. There are among the Formosans, many honorable, law-abiding citizens, who are successful in business and in most friendly relations with their Chinese neighbors. Among them are Christians who mingle freely with the Chinese Christian communities, whose children study in Chinese Christian schools and who, on the whole, exert an uplifting influence.

"But the disturbing factors in Foochow and Amoy, gaining in intensity during the past few years, are due to an entirely different type of Formosan and Japanese subjects, all living under the protection of the Japanese consulates, who carry on illicit business enterprises such as opium dens, gambling houses, and brothels. In a few cases they were found to be Chinese naturalized as Japanese citizens, in quite a number of cases assistants in shops are Chinese; but most of those in positions of authority and influence are Formosans. In connection with these types of shops will be found pawn shops where a client eager for funds, can quickly and easily dispose of clothing, jewels and other movable property for cash.

"The story of how the rough element from Formosa makes most difficult the task of maintaining international peace and harmony is a long one and need not be discussed here. Sufficient is it to state that a number of Chinese firms, electric light, water works, etc., are finding it necessary to employ Japanese police to prevent the stealing of electricity, water, etc., by Japanese and Formosans, for the Chinese police find themselves often unable to enforce justice even on Chinese soil, because of the claim of Japanese protection on the part of a Formosan criminal.

"But the immediate purpose of this report is to present the actual facts concerning a moral situation which faces the Chinese youth of Foochow and Amoy and to appeal for the cooperation of all friends everywhere interested in the maintenance of a wholesome social atmosphere in which youth may live and work. During January and February 1935, a careful survey by an impartial group was made of conditions in these two cities which reveal the following astounding number of dens owned or controlled by Japanese and Formosans (under Japanese protection):—

	Foochow	Amoy	Total
Opium dens	319	323	642
Brothels	5(?)	?	?
Gambling Dens	45	35	80
Pawn Shops	9	46	55
	378	404	777

Complete facts including location, house number, kind of business, name of Japanese or Formosan owner or manager, etc., are on hand for each of these 777 shops in Foochow and Amoy and may be consulted at

any time. Formosan prostitutes in Amoy, are not in most cases, confined to "houses" or brothels. They are free to solicit Chinese young men any time on any streets and cannot be touched by Chinese police. Two friends, for instance, who had a share in this investigation, passed a crowded thoroughfare on the Amoy side of the harbor about eight P.M. and within a ten minute ricsha ride, witnessed from 50 to 100 Formosa girls freely soliciting Chinese young men. A Formosa newspaper published in Amoy recently stated that there were 176 "houses" for Formosan prostitutes in Amoy. If there was the usual average of from five to eight girls in each house, there would be from 800 to 1000 Formosan prostitutes in Amoy. However, one who is thoroughly familiar with the situation and who has secured his facts from Formosans, states with assurance that there are anywhere from 1500 to 2000 Formosan girls living as prostitutes in Amoy.

"In May 1933 one of the investigattors in this group was discussing this situation with a Chinese official in Amoy who had recently collected facts. This official took our friend into a private store room filled with opium pipes, daggers, swords and pistols which had recently been taken by detectivts from Formosans. At the same time he had a list of the names, addresses, ages, etc., of about 330 Formosan prostitutes whom his detectives had been able to locate. This list was submitted to the then Japanese Consul in Amoy, but no action resulted from this effort. The Japanese Consul was requested to deport these Formosan girls but no reply was ever received to this request.

"Enough facts have been stated to show what a huge "danger spot" each of these cities has become to the moral life of the young manhood of Fukien province. Into these two port cities pour the thousands of young men from the interior, coming to the port cities and educational institutions for their eagerly anticipated opportunity for cultural advancement. In the course of the investigation to secure the above data many heart-breaking instances of ruined lives were revealed. The milestones of the downward path which a youth takes when gripped by gambling, opium or prostitution are too familiar to need repeating. The purpose of this report is not to paint this situation in lurid colors, but simply to set forth the actual facts as they exist, with a plea for help, on the part of any who may be in a position to exert influence, in cleaning up these cesspools of sin and temptation."

Will Stalin's Declaration Prevent Japan's Invasion of Outer-Mongolia?

ON March 4 when the Tokyo General Staff mobilized the 12th Division and the First and Third Regiments of the 1st Division for service in Manchuria and North China the official *Domei* news service declared that the mobilization orders were issued on a scale "unequalled since the Russo-Japanese War of 1904-05." These troops, numbering probably between 20,000 and 30,000 men, announcedly were sent as replacements for men in service on the continent whose terms had expired, but actually it will represent a considerable increase in the forces overseas because the War Ministry announced that no date had been set for the return of troops from Manchuria and North China. In the case of North China arrangements already had been made for greatly strengthening the garrison in Tientsin.

Sufficient time has not yet elapsed for an appraisal of the results of the revolutionary activities precipitated by the army in Tokyo on February 26, but for several weeks it appeared reasonably certain that Japan was planning an early drive into Outer-Mongolia. Clashes of increasing seriousness were occurring on both the Mongolian and Siberian frontiers, but the definite declaration of Stalin on March 1 that the Soviet Union would assist the Mongolian National Republic in the event of a Japanese invasion may have caused the Japanese warlords to change their plans. In which event China may be the victim instead of the Mongols!

Stalin's declaration, which answered the long unanswered question regarding the extent of Russian support of Outer-Mongolia, was made in the course of an interview with Roy Howard, President of the Scripps-Howard newspaper syndicate in Moscow on March 1, but for some reason it was not released for publication until March 5. The interview, cabled in full to the Far East by both *United Press* and *Tass* and summarized by both *Reuters* and *Domei* appeared in all newspapers, Chinese and foreign with the exception of *The Shanghai Times* and *Shanghai Evening Post*, both of which ignored it completely. The interview was issued in the form of questions and answers and was too long for reproduction here, but in reply to Howard's question, "What would be the Soviet Union's attitude should Japan launch a serious military drive against the Mongolian People's Republic? Stalin replied, "In case Japan ventures to attack the Mongolian People's Republic, seeking to destroy its independence, we will have to assist the Mongolian National Republic. . . . We will assist the Mongolian Peoples Republic in the same way we helped it in 1921."

Howard then asked, "Would a Japanese attempt to seize Ulan Bator (Urga) make positive action of the U. S. S. R. necessary? Stalin replied ,"Yes it will." In reply to Howard's next question whether the Russians regarded Japan's recent activities in this region as of an aggressive nature, Stalin replied in the affirmative stating, "The Japanese seem to continue to concentrate troops near the frontier of the Mongolian People's Republic, but so far no new attempts or frontier clashes have been observed."

The remainder of this portion of the interview referring to possible military activities was of special interest n China because it touched on the issue of a German-Japanese alliance (see issue of *The Review* Jan. 11). Howard inquired whether, in the opinion of the Soviets, Germany and Poland had aggressive designs against the U. S. S. R. and were planning military cooperation. Poland, according to Howard, had recently declared its unwillingness to permit any foreign troops to use its territory as a base for operations against a third nation. Stalin replied to this by declaring that when a nation sought frontiers across which it could reach the frontiers of the

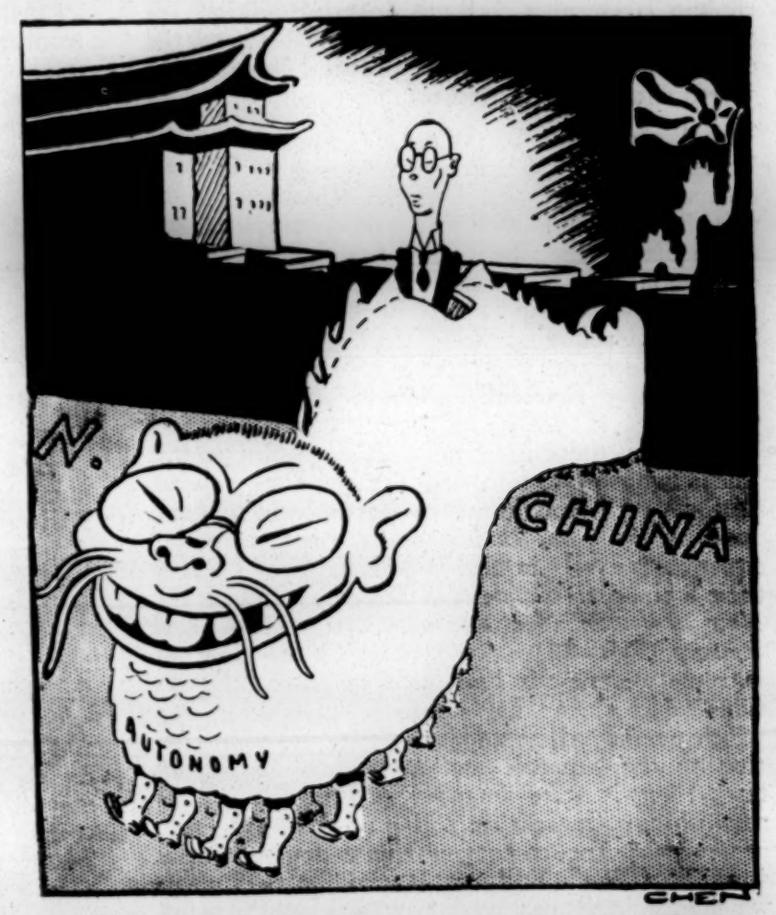
state which it desired to attack, it usually was possible for such an aggressive state to find such frontiers. Referring to the German violation of the Belgian frontier in order to attack France in 1914, Stalin said that Germany probably would find a frontier "with the aid of force," or would "borrow a frontier," as was the case in 1918 when Germany attempted to break through to Leningrad by crossing Latvia.

This phase of the interview should have aroused deep interest in Nanking because of Japan's obvious intentions to cross Chinese territory and use Chinese territory as a base for her drive against both Outer-Mongolia and the Soviet Union. Aside from the usual selfish and imperialistic motives concerned with Japanese aggression in Manchuria, Inner-Mongolia and North China, there is the obvious intention of the Tokyo warlords to use all these territories as a base for attacking the Soviet Union; hence the application of Stalin's remarks to this part of the world as well as to Europe where Germany apparently is making similar plans. In reply to Howard's question as to where the war clouds were most menacing, Stalin said there were two focal points of war danger, the first and most serious being in the Far Eastern "zone" of Imperial Japan. He then referred to recent statements of Japanese military leaders containing threats against other states, the statements he had in mind apparently being the same which provoked the declaration of Senator Pittman of the U. S. Senate Foreign Relations Committee on Feb. 10. The second danger spot, according to Stalin, was in the zone of Germany, but it was difficult to say which was the more menacing. The Italo-Abyssinian war, in his opinion was a mere "episode," but generally he regarded the Far Eastern menace as the most active and serious. Stalin stated that the Vice-Commissar of Foreign Affairs M. B. S. Stomonaikov, had already informed the Japanese Ambassador in Moscow of Russia's "unchangable friendly relations with the Mongolian People's Republic since 1921 when the Red army supported the Mongolians against a White Army which had the support of Japan."

The *United Press* in its introduction as published in the *North-China Daily News* on March 5, stated, "Soviet Russia is prepared for war with Japan, if necessary, in order to prevent the destruction of the independence and internal integrity of its political ally, the Mongolian People's Republic, Outer-Monoglia . . . the statement revealed the importance which high Soviet officials attach to the recent series of frontier clashes between Mongolia and Japanese Manchukuo troops."

While it is still too early to determine where the Japanese military "Frankenstein" will strike next, the fact that the warlords of the General Staff practcally dictated the composition of the new Hirota Cabinet, eliminating all so-called "liberal" elements, would seem to indicate the possibility of a military fascist regime. Such a development would have an obviously serious effect on Japanese activities on the China front, regarding which there apparently is already considerable evidence available. First there are the open preparations of the Japanese military authorities to intervene in the North in connection with the red situation in Shansi. Reports in the *Sin Wan Pao* on Monday of this week stated that the Japanese-Manchukuoans led by the renegade Chinese General Li Shou-hsin, had occupied Pailienmiao, capital of Inner-Mongolia, thus definitely indicating Japan's intention to continue the drive into Inner-Mongolia and Suiyuan province. Next was a dispatch (Domei) from Tokyo stating that the Japanese were sending Katsuji Uchida, director of the East Asia Industrial Company, to Shanghai and Nanking for the purpose of readjusting China's defaulted debts to Japan (Nishihara loans) amounting to nearly

The Dragon Throne Comes Back



This cartoon by the Chinese artist Jack Chen, (Son of Eugene Chen) appeared in the Moscow *News* on Jan. 29. The figure riding on the Japanese army-propelled dragon is that of Henry Pu-Yi, "Emperor" of Manchukuo. The inscription under the cartoon referred to the Japanese propaganda concerning the restoration of Pu-Yi to the ancient Dragon Throne in Peiping.

Yen 500,000,000. The report stated that on Mr. Uchida's last visit to China last year he had arranged for the refunding of loans belonging to the Ministries of Communications and Railways pertaining to the Peiping-Suiyuan and Nanchang-Kiukiang railways. Then finally, there was the declaration of the new Japanese Ambassador Hachiro Arita that China's recognition of Manchukuo constituted a fundamental condition for the restoration of friendly relations between the two countries and that other pressing issues in the North should be "settled on the spot."

A statement by Winston Churchill in the British House of Commons, referring to Hitler's occupation of the demilitarized Rhineland zone, that the German Governmen would have to choose at no distant date between internal and external catastrophe, has a peculiar application to developments now taking place in Imperial Japan. Churchill, referring to financial conditions in Germany declared, "A terrible dilemma lies ahead of the most peacefully minded government in Germany. If they go on there is bankruptsy and if they stop there is tremendous unemployment." Those who have followed the financial reports dealing with conditions in Japan which have appeared in *The Review* realize that a similar situation prevails in the Island Empire. Guentheir Stein, correspondent in Tokyo, writing in the *New Republic* (see summary, Page 406, *The Review*, Feb. 22) said, "There is one link of extreme weakness in that chain of powerful positions which Japan has succeeded in forging and which her boundless ambitions are gradually putting to the supreme and apparently dangerous test . . . it is state finance . . . For all of this astonishing progress in other fields has been achieved at the cost of a tremendous financial strain . . . The solidity of Japanese state finance, which even in the past was never established beyond doubt, has been greatly endangered; the precariousness of Japan's financial position is becoming more obvious and more embarassing as time goes on." This statement by Mr. Stein was published last December, more than two months before the military uprising in Tokyo. In December 1934 *The Review* published an editorial summary of financial conditions in Japan which stated, "The outstanding danger-spot or disturbing element in the present situation in Japan has to do with government finance. It is probably here that one will find an answer to such questions as to whether Japan will provoke another foreign war or stage a domestic revolution." This particular article, published two years ago, referred to the serious distress among the farmers who had presented petitions to the Diet showing that the national agricultural income had been reduced to an average of 120 yen per family or 10 yen a month from the standpoint of total family income. It was claimed that obligations against the farmers in the form of mortgages amounted to Yen 5,000,000,000 against farm land which was valued in normal times at Yen 6,000,000,000, but which was not now worth more than Yen 2,500,000,000. The national debt of Japan now exceeds Yen 10,000,000,000 or approximately 10 percent of the national wealth estimated (1934) at Yen 110,188,000,000. According to figures presented in the farmers petitions to the Diet the national debt, domestic and foreign, figured out at the rate of Yen 867 per family or Yen 170 per individual.

Of even more timely inteterest as coming from a Japanese writer was an article in the Feb. 25 issue of *Tokyo Keizai Shimpo* by Jotaro Kawakami, newly elected member of the Diet. Writing under the title, "Essence of Takahashi's Finance Program," Mr. Kawakami pointed out that in a period of four years the aged Finance Minister Korekiyo Takahashi had increased the domestic national loans from 2,700,000,000 to 4,300,000,000 and while the late finance minister was hailed as a great financier, his policy "was nothing but a policy of relieving capitalists from the business depression of the Great War. By inflating the currency he offered opportunity for industrial enterprisers and financial capitalists to make big profits, but all was done by increasing the financial burdens of the laboring classes. Finally he called attention to the fact that desperate financial needs had compelled the Government to transfer 1,000,000 yen each from the Railway and Communications offices to the general accounts funds, the said sums having been accumulated for several years for the purpose of providing welfare activities for the employes. A further example of the desperate financial needs was provided in the "squeezing" of excess profits from the Tobacco Monopoly Bureau resulting in the raising of prices on popular brands of cigarettes and the lengthening of the hours of labor for female employes in the bureau. He pointed out that while Takahashi had constantly stood out against any increase in taxes, that this actually amounted to a deception because indirect taxes had been greatly increased, notably the customs duty on gasoline and the revision of industrial laws with a view to directly or indirectly increasing national revenue. Takahashi's inflationist policies had resulted in an increase of living costs by 20 percent while labor wages had increased only 5 percent. Finally the writer claimed that the boasted "natural" increase of tax revenue estimated at Yen 90,000,000 really amounted to a "forced collection" of various imposts, including business and income taxes.

It is thus evident that domestic economic and financial conditions in Japan are ripe for serious domestic complications, but rather than face domestic revolution likely to result in the political downfall of the military caste, it is more than probable the war clique will start a diversion somewhere. The official *Domei* service, in a dispatch from Tikyo on Wednesday of this week said that Japanese diplomatic circles were paying serious attention to recent European developments, particularly the German occupation of the demilitarized zone along the Rhine. The dispatch said that the Japanese "like the Germans" were seriously concerned by the ratification of the Franco-Soviet pact of mutual assistance, despite claims that the treaty was limited to Europe and was not concerned with the Far East.

The official *Central News*, in a report from Nanking, also on March 11, predicted that the new Tokyo cabinet would stiffen its attitude toward Soviet Russia and that "startling developments may be observed in the near future." The report said there was much speculation about future Japanese-German relations in view of Hitler's denunciation of the Locarno Pact and that the situation may develop into a "balance of power" between Japan and Germany and France and Russia, which would have a significant bearing on the Far Eastern situation.

Premier Hirota Finally Names Cabinet, After Militarists Approve

DEMOCRACY—which, let it never be forgotten, the late Woodrow Wilson with characteristic idealism, said the World War was being fought to make the world safe for—has been getting some bad jolts during the last week or two. The Italian legions in Africa, under the driving lash of Dictator Mussolini, are blasting their way through the wilds of Ethiopia, butchering the citizens of the only independent nation on the African continent, and from present indications there is no escape for the Ethiopians from the fate of either abject submission to the Italians or, what is more probable, partition among several nations. Dictator Hitler, who is clever enough to exploit the wounded pride of his fellow countrymen and as a result makes his seat in the German saddle all the more secure, has shown that the former Kaiser Wilhelm was a mere amateur in the art of tearing up treaties as though they were scraps of paper. Hitler, in the defiance of the Locarno Treaty, has sent the German battalions into a half dozen cities along the left banks of the Rhine, with their guns pointed westward across that famous stream—while at the same time crushing free speech, and holding the press within his domain in an iron grip. In Japan the amazing spectacle has been witnessed of a newly appointed Premier not being allowed to make up his Cabinet without his nominees being approved by the Army and Navy—the latest example of how militarism has gripped the soul of modern Japan.

When on March 4 Prince Fumimaro Konoye, president of the House of Peers, declined to accept the post of Premier, for which he had been selected by the Emperor, to succeed Admiral Okada, the Japanese political machine once more found itself without a head. The crisis did not last long, however. On the following day it was announced that Koki Hirota, the former Foreign Minister, had been summoned by the Emperor to form a new Government. Mr. Hirota got busy at once, but soon found himself hampered by interference with the Army and Navy clique, which took it upon themselves to censor such of Hirota's appointments as did not meet with their approval. Mr. Hirota had selected as his successor in the Foreign Office Shigeru Yoshida, former Ambassador to Rome. This appointment drew the ire of the militarists, among other reasons because he is the son-in-law of Count Makino, formed Lord Keeper of the Privy Seal. As a result Mr. Yoshida never took office.

Mr. Hirota, shortly after his appointment, in an interview stated that he believed that concern in high quarters regarding the condition of Japan's foreign relations had dictated his selection. Predictions made shortly after the Army had refused to approve of the appointment of Mr. Yoshida that this would result in Mr. Hirota's abandoning efforts to form a Cabinet, proved to be unfounded. After various negotiations with the military clique, including a long conference between the Premier, leaders of the Army and Navy, and other notables, at which both sides made concessions, appointment of a Cabinet as follows was duly announced in Tokyo March 9:

Koki Hirota, Premier and concurrently Foreign Minister.

Eiichi Baba, Governor of the Hypothec Bank, Minister of Finance.

Gen. Count Terauchi, War Minister.

Admiral Osami Nagano, Navy Minister.

Dr. Raizaburo Hayashi, Chief Justice of the Supreme Court, Minister of Justice.

Toshio Shimada, parliamentary whip of the Seiyukai, Minister of Agriculture and Forestry.

Keinosuke Ushio, Vice-Minister of the Interior in 1928-31 and a member of the so-called new bureaucratic clan, Home Minister and concurrently Minister of Education.

Hidejiro Nagata, former Mayor of Tokyo, Minister of Overseas Affairs.

Yonezo Maeda, (an adviser to the Seiyukai)—Minister of Railways.

Takukichi Kawasaki, Secretary-general of the Minseito, Minister of Commerce and Industry.

Keikichi Tanomogi, parliamentary whip of the Minseito, Minister of Communications.

Hirota agreed to the elimination from a previously prepared list of persons considered "undesirable" by the Services, but carried his point that there should be two representatives of the Seiyukai and two of the Minseito in the Cabinet, not only one member of each party as had been previously demanded.

A Sketch of the New Premier

The new Premier, who is 58 years of age, is a "career diplomat." He served as Foreign Minister under Admiral Viscount Saito and was reappointed in this capacity when Admiral Okada came into power on July 8, 1934. Before becoming Foreign Minister, he served as Ambassador to Russia and, previously, as Minister to the Netherlands. He is very popular for his "enlightened views," and is considered a strong personality not only in diplomatic circles but by the general public as well.

He is the son of a stone dealer, and was brought up on rigidly nationalistic principles. He is a keen student of Oriental philosophy and Confucianism, and his interest in politics dates to his boyhood.

Graduating from the Tokyo Imperial University in 1905, he entered the Diplomatic Service, and, dispatched to China the following year, remained with the Japanese Legation in Peking till 1909, when he was transferred to the Embassy in London.

The beginning of the World War in 1914 found him working in the Commercial Bureau of the Foreign Office in Tokyo, and, four years later, he was sent abroad again, this time to the Embassy in Washington as first Secretary. From America, he returned in 1921 to the Tokyo Foreign Office to succeed Mr. Matsuoka as head of the Information Bureau, from which post he was promoted to be Chief of the European and American Bureau in 1924.

Two years later came his first appointment as Minister, when he was sent to the Hague as envoy—a position he occupied with distinction.

In October, 1930, he was given the post of Ambassador at Moscow—one of the "plums" of the Japanese Diplomatic Service

—and held it till November, 1932, when he returned to Japan at his own request, partly on account of ill health. During his stay at Moscow, he handled with skill the thorny problems that arose over the Japan-Soviet fishery negotiations and Japan's action in Manchuria.

In September, 1923, he was appointed to succeed Count Uchida as Minister for Foreign Affairs, at a time when tension between China and Japan was very high.

It was emphasized in Japanese telegrams that Mr. Hirota was a close personal friend of the late Dr. Sun Yat-sen and was stated to have many friends among contemporary Chinese leaders. His foreign policy concerning China was summarized in the famous "hands-off-China" statement issued at the beginning of May, 1934, in which the Western Powers were warned that Japan could not remain indifferent to intervention in China by a third party. Japan, he said, had a sincere desire for the territorial integrity and unification of China, but these must grow from China's own effort and would not be achieved by outside assistance actuated by selfish motives.

The residence of Mr. Hirota was heavily guarded by police during the negotiations regarding the new cabinet, with troops maintaining martial law in the Capital.

Mr. Hirota told the press just before his Cabinet was announced that he was seeking to assemble in his Cabinet "persons, who, disregarding position or the importance of their respective portfolios, are willing to die on the job serving the nation."

Commenting on the appointment of Mr. Hirota as Japanese Premier, the Shanghai *Lib Pao* commented:—"Japan finds herself at the present time in a position of contradictions between the militarists and financiers. As a result the Japanese policy is vacillating between the desires of the militarists and financiers. This is true with the Japanese internal policy. It is also true with her foreign policy. The coup d'etat of Feb. 26 in Tokyo was the result of these contradictions. The difficulty of forming a new Japanese Cabinet is due also to these contradictions. The appointment of Prince Konoe by the Japanese Emperor to form a new Cabinet as recommended by Prince Kimmochi Saionji, last of the elder statesmen, was due to the support which the financial and military circles might give to Konoe.

Who's Who in the New Cabinet

The new Cabinet is entirely different from the original list drafted by Mr. Hirota on Mar. 6. The major figures dropped from the list include Shigeru Yoshida, former Ambassador to Rome, who was slated for the Gaimusho Post, and Naoshi Obara, who was to head the Ministry of Justice.

Rightist and "big navy" adherents openly charged that Mr. Yoshida "sold-out" to Mr. William R. Castle, former American Under-Secretary of State, who was in Tokyo during the negotiations in London when the Naval Pact was signed.

Mr. Yoshida's appointment aroused the ire of the Army and Navy. He is fifth son of the late Tsuna Takenouchi, a prominent political figure under the Emperor Meiji; he was adopted by the late Kenzo Yoshida as his heir He graduated from the Law College of the Tokyo Imperial University in 1906 and, after passing the Civil Service examination, was appointed third Secretary to the Japanese Embassy in Rome.

Later, the became successively Japanese Consul at Antung, Secretary to the Governor-General of Korea, second Secretary to the Japanese Embassy in Washington, and Consul at Tsinanfu, in China. In 1919, he was a member of the Japanese delegation to the Versailles Peace Conference, then first Secretary to the Japanese Embassy in London, Consul-General at Tientsin and at Mukden and Minister to Sweden.

Mr. Yoshida was recalled and appointed Vice-Minister for Foreign Affairs in 1928. Two years later he became Ambassador in Rome. In September, 1934, he was sent to inspect the Japanese Embassies and Legations in Europe.

Objections to Mr. Obara's retaining the Justice portfolio, which he held in the previous Cabinet, were based on his failure to prosecure Dr. Tatsukichi Minobe, who advanced the thesis that the Emperor was not the State itself, but merely one of its organs.

Chuichi Ariyoshi, elder brother of Akira Ariyoshi, former Ambassador to China, and vice-president of the Navy League, had also been strongly mentioned as Minister of the Interion but was dropped.

Mr. Kawasaki, who was originally slated to head the Home Office, was shifted to the Ministry of Commerce and Industry, when the Army demanded that a non-party member by appointed to the former post. He was later again moved to the Ministry of Railways, finally receiving appointment as Minister of Commerce and Industry. Selections for the Home Office post included Mr. Kawaski, Mr. Yoshida, Mr. Ariyoshi, with Mr. Ushio receiving appointment. Two major appointees not included in the Cabinet were also selected. They included Shohei Fujinuma, as Secretary-General of the Cabinet, and Daizaburo Tsugita, a member of the Upper House, who accepted the post of director of the Cabinet's Bureau of Legislation. The latter served as Vice-Minister of Home Affairs in the Cabinet of Baron Reijiro Wakatsuki.

Mr. Ushio, the new Home Minister, is 55 years old, and is a graduate of the Law Department of the Tokyo Imperial University. His political career included service as Vice-Minister of Home Affairs and a member of the Upper Chamber.

Following a meeting between Hidejiro Nagata and Count Hideo Kodama, respectively the retired and the new Minister of Overseas Affairs, it was decided March 10 to retain the services of Kaihei Iriye, Vice-Minister of Overseas Affairs, who resigned together with Premier Keisuke Okada's Cabinet.

The selection of Dr. Baba as Finance Minister was hailed by financial circles, in view of his professed adherence to the policy maintained by the late Mr. Takahashi.

The new War Minister is the eldest son of Field Marshal Count Masakata Terauchi, who won fame in the Russo-Japanese War and later became Premier. Gen. Terauchi is 57 years old and is a graduate of both the Military Academy and the War Staff College. He successively commanded the Third Regiment of infantry of the Imperial Guards Division; the Nineteenth Infantry Brigade; the Fourth Division and the Japanese forces in Formosa. He was appointed to the Supreme Military Council last August. Gen. Terauchi is a member of the rapidly thinning ranks of the "Choshu clique," which at one time virtually controlled the Army in the manner which the officers coming from the feudal domain of Satsuma "ran" the Navy.

Admiral Nagano, who had just returned to Japan from London where he led the Japanese delegation to the Naval Disarmament Conference, is 56 years old. He is known as an expert on American naval affairs having served in the United States both as assistant and as naval attache in Washington. He also attended the Washington Naval Conference of 1920, the General Disarmament Conference at Geneva in 1931.

Hirota Formulates Seven-Point Policy

A seven-point program, whose cardinal points provide for radical reforms in the administrative and financial policies and for the establishment of "positive" diplomacy, has been formulated by Premier Hirota, a *Domei* message from Tokyo, Mar. 10 stated.

The program, which still has to be approved by the Cabinet, comprises the following principles:

1.—Establishment of an independent and vigorous diplomacy.

2.—Clarification of national polity, to remove all doubts on the Government's stand on the controversial issue.

3.—Consolidation of national defense.

4.—Administrative reforms and a "renovation" of the Government's policies.

5.—The stabilization of the nation's economic life.

6.—Fundamental reforms in the Government's taxation scheme.

7.—A revision of the Government's economic policies.

The formal decision on the Government's policies was scheduled to be made on March 13, immediately following a plenary session of the Privy Council.

Slain Policemen Given Military Medals

Military medals, ordinarily given only to soldiers for valor in action, were posthumously conferred Mar. 8 upon the five policemen slain on Feb. 26 by mutinous troops while defending statesmens' residences. The medals, of the 8th Order of the Rising Sun, were handed to the families of the killed men by representatives of the Metropolitan Police Board, together with the police decorations awarded to them. The fund now being collected by the Board for the families of the slain policemen already amounts to more than a hundred thousand yen.

150 Civilians Detained in Tokyo

More than 150 civilians, many of whom were allegedly implicated in the May 15th Incident of 1932, in which Premier Tsuyoshi Inukai lost his life, have been placed under detention, the martial law headquarters in Tokyo announced Mar. 10. The arrested men, the communique added, are now being examined by the officials of the Tokyo Gendaamerie and the Metropolitan Police Board.

The list of detained civilians includes the names of Ikki Kita, noted reactionary writer, Zei Nishida, Yoshiaki Nakamura, Tetsuya Kamekawa and Yuji Satsuma, who belong to groups implicated in the May 15th Incident.

Participators and Suspects to Be Tried by Court Martial

Military men, former officers dismissed from the service as well as civilians who are suspected of having participated in the coup will be tried by an extraordinary court martial—which will hold its hearings behind closed doors.

Movement Starts to Oust Tokyo Procurator

Charging that Jiro Mitsuyuki, Public Prosecutor-General, had kept himself away from his post for two days following the the military mutiny of Feb. 26, some 80 younger public procurators started a movement for his ousting Mar. 8. A spokesman of the group, whose members have been recruited from the Tokyo Court of Appeals, district courts and procurators' offices in the Capital, declared that the "Procurator General's disappearance is inexplicable." The movement is attracting widespread attention in view of its unusual features. In 1931 a movement of protest was organized by judicial officials against a Diet Bill providing for a slash in the salaries of Government employees.

Hundreds of High Japanese Military Officers Resign

In a move without parallel in the annals of the Japanese Army, hundreds of high military officers tendered their resigna-

tions, Mar. 10, holding themselves responsible for the mutiny of Feb. 26. Included among them were Gen. Baron Shigeru Honjyo. chief, aide-de-camp to the Emperor; Lieut.-Gen. Koheii, Commander of the Tokyo Garrison, who is at present commanding the forces maintaining martial law in the Capital; Lieut.-Gen Gen Sugiyama, assistant chief of the Army General Staff; and Lieut-Gen. Motoo Furusho, former Vice-Minister of War. Other high officers who sought permission to resign included: Lieut.-Gen. Kotaro Nakamura, director of the Inspectorate-General of Military Education; Lieut.-Gen. Rokuro Iwasa, Commander of the Gendarmerie, and all the heads of bureaux, departments and sections in the General Staff Office. Commanders of units, which have contributed officers and men to the mutinous forces, have also tendered their resignations. Leading among them were Lieut.-Gen. Takeo Hori, Commander of the First Division, and Lieut.-Gen. Toranosuke Hashimoto Commander of the Imperial Guards Division.

The resignations will be acted upon by Gen. Count Hisaichi Terauchi, new War Minister, and Field Marshal Prince Kotohito Kan-in, Chief of the Army General Staff.

The Army authorities, *Domei* states, are intent upon a rigid fixation of responsibility for the incident. Informed quarters believe that as the result of this the general Army reshuffle would involve more than a thousand officers.

Four Princes of the Blood now in active Army service abandoned their earlier intention to resign, Gen. Kawashima, the former War Minister, revealed Mar. 10.

The Princes included Field Marshal Prince Kan-in, Chief of the Army General Staff; Field Marshal Prince Nashimoto; Lieut.-Gen. Asaka and Lieut.-Gen. Higashi-kuni. The last two are members of the Supreme War Council. Gen. Kawashima himself was one of the five high Army officers officially placed on the reserve list.

Matsuoka Regrets Minami's Transfer

Regret at the transfer of Gen. Jiro Minami, Commander-in-Chief of the Kwantung Army and concurrently Ambassador to Manchukuo, to the Tokyo General Staff was expressed Mar. 8 by Yosuke Matsuoka, President of the South Manchuria Railway Company.

Gen. Kenkichi Uyeda, Gen. Minami's successor, is a "typical soldier, besides being a diplomat of no mean ability," Mr. Matsuoka said, adding that he has known Gen Uyeda since the Shanghai hostilities of 1932.

Mr. Matsuoka expressed his belief that the change in the command of the Kwantung Army would not affect Japan's policy in Manchukuo.

The railway official denied the reports that he would resign his post, following the transfer of Gen. Minami, "who is a very intimate friend of mine."

Stocks Slump When New Taxation Is Threatened—Finance Minister Gives Assurances

When the Stock Exchange opened on March 9 for the first time after the coup there was a sharp drop in prices in all stocks excepting those connected with the arms industry. This drop was attributed to a statement which had been made by the new Finance Minister that new taxation aad a bond issue would have to be invoked.

On the next day, however, apparently relieved from the specter of increased taxation, Japanese financial circles slowly recovered from the stock market slump of the previous day. Dr. Eiichi Baba, new Minister of Finance, changed his previous attitude and gave assurances that he did not contemplate drastic changes in the nation's financial policies.

In an apparent effort to allay the uncertainty felt in the financial world, the Ministry of Finance Mar. 11 let it be informally understood that the 1936-37 budget would not show any marked increases. With the exception of "emergency appropriations," the budgetary bill will be the same as that which was to be presented to the last session of the Diet, before it was dissolved on Jan. 21, it was stated.

German Troops Occupy Rhine Cities—Hitler Flouts Locarno Treaty

On March 7 Herr Adolph Hitler, Rechsfuehrer, notified the Locarno Powers—Britain, France, Italy and Belgium—that Germany denounced the Locarno Treaty guaranting the demilitarization of the Rhineland. Germany followed up this action by sending troops into the demilitarized zone. The communication contained the following points:—

Germany attacks the Locarno Treaty because of the Franco-Russian pact of mutual assistance; Germany regards herself free from the stipulations of the demilitarized zone; the Reich expresses readiness to agree to a new demilitarized zone provided Belgium and France also have demilitarized zones; Germany offers to sign a 25-year non-aggression pact in the west provided Italy and Britain agree to become guarantors; Germany offers to let Holland enter the pact and Germany offers an air pact in the west, and a non-aggression pact in the east, including Lithuania. If all these matters can be agreed upon, the Note concluded, Germany is ready to return to the League of Nations, but the Covenant must be separated from the Versailles Treaty.

Germany assured the Ambassadors that Germany is sending only a few battalions to the Rhineland as a demonstration and does not intend to re-occupy the zone in force.

According to a report from Cologne, the reoccupation started at five o'clock in the morning, when German troops entered Deutz, on the east bank of the Rhine opposite Cologne. Later, to the frantic cheering of crowds, they marched into Mainz, Koblenz, Cologne and Frankfort. A plebiscite on Herr Hitler's foreign policy will be held in Germany on March 29.

The total number of German was troops which had arrived to establish new garrisons in the provinces of the Rhineland—Baden, the Palatinate, the Saar region and Hesse—was estimated at 10,000, up to Mar. 9. It is pointed out that it will take at least six months before the German military units in the Rhineland reach normal strength.

The reasons which led to Germany's action were explained at length by Herr Hitler to a special meeting of the Reichstag at the Kroll Opera House in Berlin, which shook with roars of applause when the Reichsfuehrer announced that German re-armament was not a revival of the European problem but its solution. The cheers increased when be condemned Bolshevism and the Franco-Soviet Pact, announced the re-occupation of the Rhineland zone, and read the Note to the Ambassadors, which, in addition to the points mentioned, expressed the expection that, within a reasonable time, the question of Colonies would be amicably settled. He concluded by joining in a solemn oath with the troops entering the Rhineland to succumb rather than capitulate in an effort to restore the honor of the nation.

Condemned by Anthony Eden

Germany's unilateral repudiction of the Locarno Treaty was strongly condemned by Anthony Eden, Foreign Secretary, in a speech in the House of Commons Mar. 9.

As a signatory of the Treaty, he declared, the British Government considered it necessary to say that should any attack be made upon France or Belgium in violation of Article II of the Locarno Treaty, they would regard themselves in honor bound to come to the assistance of the country attacked.

"Let us not delude ourselves," said Mr. Eden. "The course taken by the German Government in unilaterally repudiating obligations into which they had freely entered and in simultaneously acting as if they did not exist both complicates and aggravates the international situation. The abrogation of the Locarno Treaty and the occupation of the demilitarized zone have profoundly shaken confidence in any engagement into which the Government of Germany may in future enter. I am thankful to say, however, there is no reason to suppose that the present German action implies a threat of hostilities."

The *London Observer* commented:—"Herr Hitler has wiped clean the European slate of everything written thereon since the Anglo-French proposals made in February, 1935, for the general pacification of Europe. "Let us keep cool heads and just hearts," the journal urges. "Britain's first need," it adds, "is first, to repair her defences and second, to consider Herr Hitler's proposals in a spirit of sympathy and good-will."

French Regiments Move Eastward

The effect of the German move on France was electrical. Several regiments of the garrisons of Metz and Thionville, forming part of France's protective system in the region, have been sent to the fortification and defence works along France's eastern frontier. Meanwhile, according to a *Havas* dispatch from Strasbourg, the news of Germany's sudden decision to remilitarize the Rhineland has been calmly received by the population of Alsace.

Anxiety over Germany's action started a run on banks in garrison cities in Alsace Lorraine. France is feverishly strengthening her frontier defenses. Twenty trains laden with troops and tanks passed through Tour eastward Mar. 10.

The reaction to the German move on France was well illustrated by a declaration made Mar. 10 in the Chamber of Deputies by M. Sarraut, the Premier, in a point-by-point reply to Herr Hitler's memorandum to France denouncing the Locarno Pact. M. Sarraut said: "Germany's violation of the demilitarized zone not only touches French security, but is much more graver; it affects the future of European peace and the organization of collective security under the League of Nations. We have taken up our stand within the framework of the League," he continued, "because the fate of the League will be at stake in the near future. We ask the German people in the name of their culture and racial virtues to reflect on the new responsibilities which certain people wish to make them assume in the face of history."

Rome "Angling" for Double Victory

A *U.P.* message from Rome, Mar. 9 said Italy is angling for victory in Ethiopia and at Geneva as the price of taking a stand in the present European crisis. Great Britain's failure to support the French demands for punitive action against Germany is expected to strengthen Franco-Italian friendship and possibly to cause France to abandon the program of anti-Italian sanctions. Such action would permit the Italian Colonial troops to renew the Ethiopian campaign with increase vigor.

Uyeda Appointed Manchukuo Ambassador

Gen. Kenkichi Uyeda, a member of the Supreme War Council, was formally inducted as commander-in-chief of the Kwantung Army and concurrently Japanese Ambassador to Manchukuo, in a ceremony at the Imperial Palace Mar. 6. Simultaneously, Gen. Jiro Minami, commander of the Japanese Army in Manchuria and envoy to Hsinking, was relieved of his posts and ordered attached to the Army General Staff.

French Loan to Moscow Approved by Paris Chamber

The finance committee of the French Chamber Mar. 6 passed a resolution recommending the grant of a loan of one milliard francs to Soviet Russia and approving a French Government guarantee up to 80 per cent of this amount. The resolution stated with confidence that the loan will exert an extremely favorable influence on the promotion of Franco-Soviet trade and asserted that the settlement of the Russian pre-war-debts to France will be facilitated by the granting of this loan.

The preceding debate revealed that the loan will be used by Soviet Russia largely for military purposes. Part of the milliard francs will be expended for buying guns and submarines, which will be ordered from France, while a considerable further amount will be used for buying modern rolling stock for the Soviet Russian railways, the contracts for which will also be placed in France.

Japan Is Striving for Consolidation of Relations with U.S.S.R., Ohta Declares to Litvinov

On March 4, Japanese Ambassador Ohta in Moscow visited Mr. Litvinov, Commissar of Foreign Affairs, and upon instructions of his government assured him that the recent events in Tokyo concerned only the internal affairs of Japan and to no extent would affect the external policy of the Japanese government, particularly the relations with the USSR. Mr. Ohta declared that his Government invariably is striving for the consolidation of relations with the USSR, and would desire the most prompt amicable solution of disputable questions, especially about the conclusion of the new fisheries convention, replacing the convention expiring this year.

Litvinov expressed his satisfaction with Mr. Ohta's declaration and assured him that the Soviet Government is striving to establish the best relations with Japan and its readiness to continue the negotiations about the fisheries convention and other questions.

Soviets Push Developments in Far Eastern Region

At the plenum of the Far Regional Executive Committee at Habarovsk held March 4 reports were made showing that the capital investments in the economy of the region will increase this year up to three milliards of roubles; for the entire first Five-Year Plan they totalled 950 million roubles. About 40 percent of this sum is invested in industry, 53 percent in transport and communications. 1935 witnessed great achievements in railway construction in the Soviet Far East, it was stated.

Attack on Soviet Diplomatic Couriers by Japanese Planned?

Khabarovsks (*Tass*) reports that the Japanese military authorities in Harbin are planning to commit an attack in the near future on the Soviet diplomatic couriers bringing diplomatic mail to the Soviet Consulates in Manchuria. The preparation for the attack on the Soviet diplomatic mail is entrusted to the Railway detective department where, besides the Japanese, a great number of Russian whiteguards are working.

Gaimusho Pleased with Soviet Auction

Satisfaction with the manner in which the leases on fishing lots were auctioned off in Vladivostok on Feb. 28 was voiced by Gaimusho officials in Tokyo Mar. 2. Of the 38 leases auctioned off, Japanese fishing interests secured 20, while the rest were obtained by Soviet organizations. Gaimusho officials said they "appreciated" the smooth conduct of the auction as a sign of Moscow's cooperation in the settlement of the controversial fisheries problem.

German-Russian Air Lines Report Increased Business

Traffic on the international air-lines served by the Russo-German Society "Deruluft" markedly increased during 1935. Pilots of the "Deruluft" flew over 1½ million kilometers in 1935; 89.3 tons of freight and 1,511 passengers were carried. Further growth in transportation on all lines is expected in 1936.

Soviet Prisoners in Manchuria Are Tortured

Information received from Chita by *Tass* says the Japano-Manchurian authorities and whiteguards employed by them continue to subject Soviet citizens confined in Manchurian prisons to beatings and tortures. Pirogov, a Soviet citizen freed from the Harbin prison was systematically subjected to torture, by which police agents attempted to compel him to sign a deposition concerning his imagined espionage, for the USSR Consulate General of Harbin. Pirogov was freed only after a twice-declared hunger strike and the result of energetic intervention by the USSR Consulate General of Harbin.

Soviet Foreign Trade Showed Huge Favorable Balance During 1935

According to the statistics of the Soviet Chief Customs Administration, the Soviet foreign trade turnover in 1935 totalled 608,785,000 roubles, of which exports accounted for 367,411,000 roubles and imports for 241,374,000 roubles. In the year of 1933, the favorable trade balance of the USSR constituted 146,700,000 roubles. Thus, for the past three years, Soviet exports exceeded the imports by over 458,000,000 roubles.

Two New Japanese Airdromes Erected In Dolonor

According to reports received this week two additional Japanese airdromes have been erected in Dolonor by the Japanese Kwangtung Army. In addition, more than 2,000 Japanese soldiers have been sent to Dolonor. According to the same reports, these military preparations are aimed at Soviet Russia.

Conflicts Among the White Russians in North China

A Mukden message in the *Shanghai Mainichi*, Mar. 7 said it was learned that many White Russians are going to organize a Japan-Russian Association to stabilize and improve their life in North China.

However, part of the White Russians there are preparing to undermine the organization, which they allege as only a new agency of the Bureau of White Russian Affairs in Manchuria.

It was indicated that the Pro-Soviet Russians will stage their activities against the Pro-Japanese Russians.

Manchukuo Agrees to Conference With Outer Mongolia

The Manchukuo Government March 7 agreed to attend a conference for the settlement of border disputes with Outer Mongolia. In a cable addressed to M. Gendun, Premier of the Ulan Bator Hoto government, the Hsinking authorities accepted the latter's proposal contained in his note of Feb. 29 and asked for more definite information regarding the conference's agenda and proposed venue. The Manchukuo Government, however, reserved the right of protesting alleged frequent incursions by Outer Mongolian forces into the new Empire's territory.

Manchukuo to Issue Bonds for Yen 10,000,000

To finance the Japanese troops to attack the USSR and to occupy North China, the Manchukuo Government has decided to issue "National Defence Bonds" amounting to Yen 10,000,000, according to financial circles in Changchun. The bonds will be secured on the surplus Customs revenues of Manchuria.

Manchukuo's Foreign Trade in February Shows Decline in Favorable Balance

Manchukuo's foreign trade during February totalled $107,272,000, of which exports amounted to $56,393,000 and imports to $50,879,000, the Finance Department announced in Hsinking, March 6. The favorable balance for the month totalled $5,514,000, as compared with $16,861,000 in the preceding month.

Japan Buys Soviet Pig Iron

The Tokyo *Jiji* reports that the pig-iron concern Nihon Seitzu signed a contract last week with the trade representative of the USSR for the supply of 150 thousand tons of Soviet pig-iron this year.

Manchukuo to Send Ten Students to Japan to Train for Government Service

Ten students, "well versed in the Japanese language and of robust health," will be dispatched to Japan to study social education, the Manchukuo Department of Education announced Mar. 7. The selected men will range in age between 20 and 35 years, and will on their return to Hsinking enter government service.

Heavy Visa Fees Invoked by Manchukuo Authorities Against Immigrants

As a result of restrictions suddenly imposed by the Manchukuo authorities March 1 on the entry of Chinese immigrants through Shanghaikwan, more than 500 Chinese coolies, most of them Shantung peasants, found themselves stranded at said town at the Great Wall city. Most of the travellers had bought their tickets through the Eastern Travel Service. Though the restrictions were stated to have been enforced primarily against the peasant and petty merchant class, other passengers also were required to pay $20 visa fee for entry to Manchuria, whereas the amount was only $1 previously. The visa regulations state that those who signify that their visit in Manchuria will not exceed one month will have $19 refunded them upon their departure on their return journey to south of the Great Wall. The Travel Service, after negotiating with the Manchukuo authorities, was able to secure a relaxation of some of the immigration regulations.

Arita Declares China Should Recognize Manchukuo; Nanking to Send Six Divisions to Check Shansi Reds

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Tokyo Paper Predicts More Vigorous Japan Policy in China.**
2. **New Chinese Envoy to Japan Arrives to Assume His Duties.**
3. **Manchuria-China Rail Freight Pact Signed at Tientsin.**
4. **Abolition of East Hopei Council Impossible So Long as Kuomintang Exists, Says Rebel Regime Official.**
5. **Doihara Sees No Changes in Japanese Policy Following His Transfer.**
6. **Japanese Intrigues in Fukien Maturing—Rumored Formation of Autonomous State.**
7. **Shansi Forces Take Offensive Against Reds on All Fronts.**
8. **General Chiang Orders Six Divisions to Shansi to Assist in Anti-Red Campaign.**
9. **Tokyo Army Displays Concern Over Red Invasion of Shansi.**
10. **Dr. Wang Chung-hui Urges China to Help Herself in Interview at Hongkong.**

"North China questions should be settled on the spot, but fundamentally, China should recognize 'Manchukuo.'" This was the reply given by the new Japanese Ambassador, Hachiro Arita, when asked by pressmen in Nanking March 7 how North China's problems were going to be settled. Questioned whether there may be any change in Japan's foreign policy to China especially in view of the recent coup at Tokyo, Mr. Arita replied emphatically "No." Asked about his mission, the Japanese Ambassador declared, "I will carry out Mr. Hirota's three-point program." "Concreate plans have been made in Tokyo," he added, "but how to proceed is left entirely to me."

Sin Wan Pao reported March 7 that an important statement will be issued by the Chinese Ministry of Foreign Affairs regarding the interview of Mr. Arita with the press representatives, in which he declared that he will negotiate with the Chinese authorities under the "Three-Point" principle of Mr. Hirota and the Chinese Government must recognize "Manchukuo." The Chinese spokesman declared that the Chinese Government will negotiate with the Japanese envoy for the readjustment of Sino-Japanese relations in accordance with the statements issued by the Chinese Government regarding her foreign policy in the past few months.

Mr. Arita called on Gen. Chiang Kai-shek, President of the Executive Yuan March 10, this being the Japanese envoy's first interview with the Generalissimo. Mr. Arita was entertained by General Chiang at dinner in the evening.

TOKYO PAPER PREDICTS MORE VIGOROUS JAPAN POLICY IN CHINA

As a prerequisite to the restoration of normal diplomatic relations between Japan and China, Japan will advocate the acceptance of Hirota's three fundamental principles for a rapprochement between the two countries. This, according to the *Nichi Nichi* at Tokyo Mar. 10, will be end of the main points in the more positive foreign policy which the Premier and Foreign Minister, Mr. Hirota, intends to adopt. The three principles may be briefly summarized as follows: Complete cessation of anti-Japanese activities in China; Chinese recognition of "Manchukuo;" and economic co-operation between China, Japan and "Manchukuo."

The paper enumerates the following as other points in Mr. Hirota's new policy:

1. Japan will endeavor to render "Manchukuo's" international position more definite, in which connection political, economic, military and other blocs between Japan and "Manchukuo" will be formed.
2. Japan will press Russia to withdraw her concentrations in East Asia, and will endeavor to negotiate, peaceably, the definition of boundaries, the confirmation of Japanese rights to the northern fisheries, and other questions.
3. Japan will urge China to take concrete measures against Communism.

NEW CHINESE ENVOY TO JAPAN ARRIVES AT TOKYO

The new Chinese Ambassador to Japan, Hsu Shih-ying, arrived at Tokyo from Shanghai on Mar. 10. While passing Kobe March 9, Mr. Hsu issued a statement in which he expressed his hearty respect for the unique civilization, national patriotism and industry of Japan. China and Japan, he said, should co-operate for the welfare of mankind and the maintenance of peace: they should advance hand in hand for the development of Oriental culture and virtues.

As the result of a decision reached at a Cabinet meeting March 10, the Waichiaopu may lodge another strong protest with the Japanese Government against the intervention by certain Japanese quarters with the Chinese martime customs at Tientsin and its anti-smuggling measures, according to a spokesman of the Waichiaopu.

MANCHURIA-CHINA RAIL FREIGHT PACT SIGNED AT TIENTSIN

Agreement providing for through freight railroad service between "Manchukuo" and China was signed at Tientsin March 6 by representatives of the Kwantung Army, the South Manchuria Railway Company and the Chinese authorities, according to a *Domei* report.

EAST HOPEI REBEL REGIME WILL NOT BE ABOLISHED SO LONG AS KUOMINTANG EXISTS

Yin Ju-keng, the notorious leader of the bogus regime of East Hopei, arrived in Tientsin March 3 by plane to call on Major-General Tada, Commander of Japanese Garrison forces in Tientsin, Major-General Doihara and the Japanese Consul-General in Tientsin. He returned to Tungchow March 6 also by plane.

According to a report in *Le Journal de Pekin* Feb. 27, Yin Ju-kong, interviewed by a group of foreign correspondents at Tungchow, said that because of the oppression of the Kuomintang, he had proclaimed autonomy of 22 *Hsien* in East Hopei and organized a government with the collaboration of the people. Answering the questions put by the correspondents, Tze Tsun-moo, general secreary of the East Hopei Rebel regime, declared that as long as Kuomintang exists, this is no possibility of abolition of the Council nor its incorporation with the Hopei-Chahar Political Council which remains to be attached to the Government. This declaration, the paper pointed out, is identical with that of Gen. Tada. Mr. Tze insists on the fact that the Autonomist Government is not independent of the Chinese Republic, but is independent of the Government managed by the Kuomintang. However, if the Hopei-Chahar Council would definitely break off with Nanking, there would be then a possibility of conpromise. Moreover, the Autonomist Government hopes that her initiative will be followed by other provinces which appreciate her efforts for relieving the populace and giving them a chance to take part in the direction of public affairs. Two Japanese advisers are participating in the work of the new Government, Mr. Nakamura for the military questions and Mr. Mulao for the Financial questions. There is also a Japanese Attache in each district.

Col. Magami, Chief of Staff of the Japanese Garrison in Tientsin, who went to Changchun and Tokyo to receive instructions regarding the strengthening of the Japanese forces in North China, returned to Tientsin March 9. Asked about the Japanese opinion regarding the East Hopei problem, the Japanese military officer declared that great attention is being paid by the Japanese authorities toward the joint de-

fence against Communist invasion in Chahar, Suiyuan, Shansi, and Hopei provinces. The Japanese officer refused to discuss the East Hopei problem at tht present time.

DOIHARA SEES NO CHANGE IN JAPANESE POLICY FOLLOWING HIS TRANSFER

An assurance that his removal will not change the policy of the Japanese Army towards North China, was given by Lt.-General Doihara on his arrival at Dairen March 8 from North China, stated a *Reuter* report. He declared that the two regimes in North China were most likely to be united soon, "but it will take time before they are able to become a region contributing to peace in the Orient. It is a question of time, and it is no use rushing matters now." The situation, General Doihara added, was improving, and Japanese anxiety had been much relieved. Concluding he declared that the communist menace was not so bad as reported, and voiced the opinion that North China would not be affected. General Doihara also denied current reports that he would become the chief advisor to the Hopei and Chahar Political Council. General Doihara called on General Han Fu-chu, Chairman of Shantung, at Tsinan March 5, before proceeding to Dairen.

With the departure of General Doihara from North China, Capt. Matsumura, former director of the Special Service Department of the Japanese Kwantung Army in Jehol, has been appointed as representative of the Japanese Kwantung Army in Peiping.

With a main obstacle removed in the form of the departure for Japan of General Kenji Doihara, rapid progress in the Sino-Japanese negotiations in North China over the problems concerning East Hopei is now being made in Tientsin, according to a report in the *Shanghai Evening Post* March 8. The early abolition of the "East Hopei Autonomous Government," headed by Yin Ju-keng, is being optimistically expected by Chinese authorities following preliminary negotiations with Lieut.-General H. Tada commander of the Japanese Garrison Forces in Tientsin. The Chinese authorities in Peiping had been seeking to deal directly with Lieutenant-General Tada in the solution of the East Hopei problem but had found their efforts blocked by the presence of the "Lawrence of Manchuria."

Maj.-Gen. Rensuke Isogai, military attache to the Japanese Embassy, left Shanghai for North China on March 10 to confer with Japanese military authorities there on the spread of the communist movement, the projected anti-Red campaign and Japan's policies towards China according to a report in the *Shanghai Nichi Nichi*. While in Tientsin, the paper added, Maj.-Gen. Isogai will see Maj.-Gen. Hayao Tada, Commander of the Japanese forces in North China, and officers of his staff.

General Han Fu-chu, Chairman of Shantung, in an exclusive interview with a special correspondent of the *Tokyo Asahi* recently, declared that while admitting that a real Sino-Japanese co-operation would undoubtedly prove to the advantage of the Chinese, the Japanese should bear the responsibility should Sino-Japanese relations in North China take a turn for the whose. Asked concerning the formation of the Hopei and Chahar Political Affairs Council, General Han said that the East Hopei Regime should be abolished.

According to *Hwalien News Agency*, the Japanese Kwantung Army, in order to dominate North China's finances, has decided to organize a North China Treasury in the near future at Tientsin. Concentrating silver of the North China provinces in this Treasury the Japanese will issue paper notes for circulation in North China. This action on the part of the Japanese is for the separation of the North China finances from the Central Government and the control of the financial situation by the Japanese.

Strict restrictions are once more being imposed by the Japanese authorities on Chinese passengers entering Manchuria, according to *Central News*. This barrier, it is stated, is put up by the Japanese as a measure of restricting migration of Shantung, Honan and Hopei laborers to Manchuria in great numbers during the present sowing season. In view of the fact that quite a number of through passengers for Manchuria have been forced to break their journey at Shanhaikwan, the Peiping-Liaoning Raiilway Administration issued an order Mar. 3, stopping the sales of through passage tickets. The Japanese restriction regulations, effective since March 1, provide that passengers from China Proper to Manchuria must have special certificates for entry with a deposit of $20.

JAPANESE INTRUGUES IN FUKIEN—RUMORED FORMATION OF AUTONOMORS STATE

Ta Mei Wan Pao reported from Hongkong March 3 that a great sensation had been caused there regarding the situation in Fukien as a result of the revelation of the holding of a conference at Kulanyu, opposite Amoy, by Chinese traitors and Formosans of the Self-Governing Promotion Association and the Chiu Chiu Society (Chiu Chiu means Nine Nine Society) on February 7 and 15. In the first meeting, there were seventeen persons present, among whom, one is a Formosan, five are representatives of the armed people of Chuanchow and Changchow in south Fukien, and eleven are traitors in Amoy and Foochow.

Important resolutions of the meeting are:

(1) The organization of a Fukien Self-Governing Committee, under which there will be organized a political, a military and a finance committee.

(2) Members of the Political, Military, and Finance Committees will be appointed in the next meeting.

In the second meeting, 30 representatives were present including members of the Japanese Consulate-General and the Formosan Government and the following decisions were made:

(1) The Self-Governing Committee will have 21 members, the Political Committee, Military Committee and the Finance Committee will have eleven members each. Except for a number of Formosans, all members of these Committees are retired militarists or dissatisfied politicians. Advisers will be invited by these Committees and it is reported that the adviser of the military Committee will be a Japanese military officer by the name of Sakai.

(2) That the Self-Governing Promotion Association will remain in existence to attract new members. New members have to undergo a very complicated initiation ceremony at night including taking oaths, etc.

It is further reported that the old rifles used by the Japanese troops in Formosa, numbering about 2,000 have been sent to Fukien to arm these people. A few of the leaders, including Lin and Huang are all sons of rich Chinese overseas in Singapore. On the pretext of developing Sino-Japanese economic cooperation, these people are very active in obtaining the support of the local militiamen to support their movement of betrayal. A few of the other organizations of the traitors in Fukien are: Pan-Asiatic League, Sino-Japanese Friendly Association, Amoy-Kulanyu Club, and Chiu Chiu Society.

According to a report in *Chengchow Jih Pao* March 9, preparations are in full swing in Southern Fukien for the establishment of an autonomous state under the instigation of a "certain country." Increased anxiety is being shown as the province has now been entirely stripped of its naval defense under the pressure of a "certain country." The Changmen Fort in Foochow and the Hulishan Fort in Amoy have now been rendered useless, it is reported. An Autonomous Promotion Association has been established in Kulanyu opposite Amoy with the notorious Kou Yi as its chairman, Kou Yi, Formosan, was formally a volunteer in the Northeastern Provinces under General Liu Yung-foh. Following his defeat in the Northeast, Kou entered the Southern part of Shansi as a bandit. Later he was appointed division commander in Fukien by the Peiyang warlord Chow Ying-jen. Financial assistance has now been obtained from a "certain country" by Kou who is now reported to be instigating a revolt among the 5th and 7th regiments of the Peace Preservation Corps.

The autonomous movement in Southern Fukien is now rapidly taking form with the formation of the so-called Farmers' Autonomous Army, according to a report in *Chengchow Jih Pao* March 2. The self-styled autonomous Army was recently formed in districts of Anchi, Weian, Tehwa under the command of several military officers sent to that distticts by "Manchukuo," it is stated. Accordiny to latest

investivations, more than 15,000 Japanese and Formosans, ronins and secret military agents, have been sent to Amoy and Swatow to create trouble.

The special representative sent by Gen. Chen Yi, chairman of Fukien, to Nanking will soon return to Foochow, bringing back with him instructions from Generalissimo Chiang Kai-shek to cope with the reported autonomous movement in Southern Fukien, according to *Fukien Minpao*.

According to *Ta Mei Wan Pao* March 6, a "certain country" spends on less than $10,000,000 every month for the financing of espionage work. In Fukien Province alone, no less than $60,000 is spent every month. The spies of that country are conducting also illegal business enterprise including opium dens and gambling houses. In Fukien, the headquarters of the espionage work are located at Amoy and Foochow, with special advisers of a certain country directing the work. At Changchow, Puchen, Chuanchow, and the entire southern part of Fukien, spies and their headquarters are found. In Amoy alone, there are nine branches of the espionge organization and in Foochow there are six. It is reported that the Consulate-General of a certain country is receiving detailed reports of all that is happening in the province.

General Chang Fa-kwei, the well-known commander of the "Iron-Sides," who was recently appointed as Commander of the Anti-Communist forces on Fukien-Kiangsi border, in a telegram to Canton March 5, declared that he is well prepared to suppress any traitorous movement Fukien, including the so-called Self-Governing Army organized by certain people.

The aid-de-camp to the Japanese Emperor, who was sent in China to inquire about the welfare of the Japanese soldiers and sailors arrived at Foochow from Amoy, Mar. 8. He addressed the Japanese military officers at Foochow Mar. 8.

Hsiao Fu-chen, veteran Kuomintang leader of the Southwest, who during the visit of General Matsui, promoter of the Japanese Pan-Asiatic Doctrine on February 23, expressed the following opinion regarding the Sino-Japanese relations, according to a *Central Press* report March 3.

"The present Sino-Japanese problem is caused by the so-called Pan-Asiatic Doctrine of Japan. Dr. Sun Yat-sen, out late leader did advocate such a doctrine, however there is a great difference between the Japanese interpretation and Dr. Sun's interpretation. Dr. Sun in advocating the doctrine had equality and rapprochement as the basic principles for the preservation of the interests of the Far East and the peace of the world. What the Japanese are advocating is occupation of Chinese territory by aggressive activities. It is directly contradictory to the principles of Dr. Sun. As a result, the more the Japanese talk about Pan-Asiatic Doctrine, the more difficult it will be to maintain peace in the Far East."

TEH WANG TO SEND TROOPS TO PURSUE PAILING MIAO DESERTERS

The Mongolian Autonomy Council on March 6 issued a circular wire over the signature of Prince Teh, setting forth the circumstances leading to the "mutiny" of the training corps and other sympathisers of Yun Chih-hsien, commander of the corps, who deserted the Pailingmiao Council to join the Suiyuan organization. The telegram declared that for upholdng discipline the Pailingmiao Council will send a military expedition to bring back the deserters.

Pursuant to the instructions of the Central Government, Prince So, President of the Silingol League, and Prince Teh, Vice-President of the League, took up their concurrent duties as Chairman and Vice-Chairman of the Mongolian Local Autonomy Political Council at Pailingmiao on the 5th inst. A circular telegram reporting their assumption of duties was received at Nanking March 6. Prince So succeeds Prince Yun, who has been transferred as member of the National Government Committee, Prince Teh, who was until recently Secretary-General of the Mongolian Council, becomes Vice-Chairman in place of Prince So.

According to *Sin Wan Pao* report on March 9, more than 100 "Manchukuo" soldiers under Li Shou-hsin, who occupied North Chahar from the Chinese, have arrived in Failingmiao in more than ten trucks belonging to Prince Teh. They are now building an aerodrome in Pailingmiao. They circulate the "Manchukuo" paper notes in the district, which are disturbing the entire currency in the area. The report was confirmed by Prince Pan who arrived at Peiping from Suiyuan March 9. These "Manchukuo" soldiers kidnapped a number of the staff members of the Council at Pailingmiao and killed them in a nearby district. Prince Teh is reported to have returned to Pangkiang, his own headquarters, from Pailingmiao a few days ago. The 1,000 Peace Preservation Corps of the Council, who left Pailingmiao in the latter part of February are now stationed at Wuchuan.

H ANSI TROOPS TAKE OFFENSIVE AGAINST REDS ON ALL FRONTS

The Shansi provincial troops have taken the offensive on all fronts against the Communists according to a *Reuter* report March 8. Those who are reported to have recaptured Yuechiuyu, 20 miles south-west of Fenchow, on March 5, are now marching towards Kuochiachang and Tamaichiao, where the defeated Reds are reforming under Mao Tse-tung. It is reported that 1,000 Reds have appeared at the Yenmen Pass, in north Shansi.

Apprehension over the fate of Fenyang which was threatened by an impending Red invasion has been dispelled following the receipt of the news that red marauders near that city had been defeated by the Shansi provincial troops on Mar. 4 according to a message received at Nanking from Gen. Yen Hsi-shan, Pacification Commissioner for Shansi. In his telegram Gen. Yen reports that about 2,000 reds advanced towards Sanchuanchen to the southwest of Fenyang on March 2. These invaders, however, never succeeded as rumored in capturing Lingshan, a strategic point to the south of Fenyang, Gen. Yen reports that the bulk of reds, numbering over 20,000, are concentrating at Chungyang and Shihlou on the Shansi border of the Yellow River. The first, second, third and fourth flank corps, according to Gen. Yen, are pushing towards Chungyang and Shihlou and that close cooperation has always been maintained between all units of the Shansi troops in an anticipated coming big drive against the reds.

Gen. Yen Hsi-shan has issued announcements offering cash rewards for the arrest of Communists in Taiyuan. A reward of $200 will be given of the capture of a Red spy, $100 for a Communist member, and $50 for messengers working for the Reds.

Hsiaopouchen, an important town near Fenyang was recovered by the Government troops March 10, thus relieving to a great extent the pressure on Fenyang.

Two more divisions of Government troops have now arrived in Shansi and will be rushed to the front to reinforce the anti-red forces now in action. In the meantime red forces at Shuangchihchen, another important junction in west Shansi, have been surrounded by Government forces and they are expected to be annihilated shortly.

After the re-capture of Fenyang and Shanchuantseng by the Government troops in Shansi Province, the Communists have retreated to Hsiaoyi. Under the personal direction of the Communist leader, Mao Tze-tung, the Communists are engaged in a serious fight with the Shansi troops near Hsiaoyi, reported *Shun Pao* March 6. In an attempt to persuade the Communists to surrender, the Government planes dropped large quantities of handbills in the Communist occupied areas. In the handbills, the authorities promiseh to give rewarhs in money to the Communists if they surrender dith their arms to the Government.

GEN. CHIANG ORDERS SIX DIVISION TO SHANSI TO SUPPRESS REDS

Reuter reported from Peiping March 7 that General Chiang Kai-shek has decided to send six divisions of Central Government troops to Shansi in an endeavor to wipe out the Red forces there. It is stated that the divisions will work as three columns. One will cross the Yellow River at Fenglin, another will enter Shansi by the Taiyuanfu Railway, and the third by the Taoching Railway. All the troops are being placed under the command of General Yen Hsi-shan. It is also stated that General Chiang Kai-shek has ordered General Chang Hsueh-liang to move troops from Shensi into

Shansi.

General Chiang Kai-shek has ordered General Shang Chen, the Governor of Honan, to send his 32nd Army into Shansi to assist the local troops in fighting the Commander invaders under Mao Tse-tung.

A number of Suiyuan troops are reported to have been dispatched to Shansi to reinforce the local soldiery, while the Hopei authorities have ordered strong forces to Niangteskuan and other border passes to check any red incursion into Hopei.

Reuter reported March 9 that despite optimistic Chinese reports from Taiyuan concerning the Red-suppression campaign, many Shansi leaders, including Generals Yen Hsi-shan and Hsu Yung-chang, have send their families in Peiping apparently for safty.

General Sung Cheh-yuan, Chairman of the Hopei and Chahar Political Council, and General Hsiao Cheng-ying, Mayor of Tientsin have decided to dispatch part of the 29th Army to Shansi to assist in the bandit-suppression campaign there.

Central News on March 8 reported that Gen. Han Fu-chu, Chairman of Shantung has telegraphed to Nanking asking for permission to send a full division of Shantung troops to assist in red suppression in Shansi.

TOKYO DISPLAYS CONCERN OVER RED INVASION OF SHANSI

Belief that the capture of Shansi by Communist bands would necessitate an immediate increase in Japanese forces in North China, apart from the projected increases in the Tientsin Japanese Garrison, was expressed by high Army officials at Tokyo March 8, according to a *Domei* report. Should the communists succeed in seizing the province, the officials said, it would bare Suiyuan and Chahar to danger from two sides, from Shansi and Outer Mongolia. The Kwantung Army authorities, reports received at Tokyo said, are also watching the situation in North China with serious concern.

Major Imai, the Japanese Military Attache in Peiping, describes the situation in Shansi as "precautious." Replying to questions, he said that if the political situation in North China were threatened by the Reds, the Japanese Army might consider action. Asked at what point the Army would consider such action, he answered: "When Japanese interests in North China are endangered."

Mao Tse-tung, the notorious Communist leader, has established his headquarters at Sanchiocheng, west of Changyuan, said Colonel Ishii in an interview of the Japanese military headquarters at Tientsin March 5. Colonel Ishii declared that 10,000 Reds had crossed the Yellow River and that 30,000 others were planning to follow them from Shensi. General Yen Hsi-shan had appointed General Yang Ai-yuan commander of the anti-Communist forces and eight divisions were available for the defense of Shansi including two of General Fu Tso-yi's divisions which were at present on their way to Taiyuan. Manifestors issued by the Communists, Col. Ishii said, indicated their intention to exploit the discontent among the peasantry, but the "redness" of their doctrines had been reduced.

Domei reported March 5 that Fenyang, 100 kilometers southwest of Tayuan, has been capturd by the advancing communist hordes. The communist force attacking Fenyang was estimated by reports to number about 2,000 strong.

Shanghai Mainichi reported that the Communists under Hsu Hai-tung, who crossed the Yellow River February 3rd, are moving towards the districts of Liuling, Changyang and Yunho, and have secured junction with their commander under Mao Tse-tung, in the areas of Kuochiachan and Fongkiang. The Reds are attempting to occupy the Tungpu Railway, which crosses the province from north to south, in order to break up the connections between the Government troops.

A Japanese military place left Tientsin, March 7 for Taiyuan, carrying with it the Japanese military representative in Taiyuan and large quantities of ammunition. According to the Japanese, these ammunitions are sent to Taiyuan for use by the Japanese guards in the Japanese Special Office in Taiyuan.

Forces defending Taiyuan succeeded on March 3 in repelling a two-day attack upon the city wall by a force of about 1,000 Communist plain clothesmen, *Domei* reported March 4. According to the report, the garrison managed to put to rout the would-be invaders, who at one time had possession of part of the city wall, after fierce hand-to-hand fighting. The Reds finally retreatd in the direction Chinssu. Thiso Cmmunist roid, coupled with reports that the main body of the Reds under Mao Tze-tung was only 80 kilometers southwest of Taiyuan, there the city into panic, added the report.

Gen. Sung Cheh-yuan declared March 9 that he had not been approached by Gen. Yen Hsi-shan with a request for help in fighting the communists, reported *Domei*. He also denied knowledge of the reports that Gen. Yen had agred to allow the Central Government's troops to enter Shansi to stop the Communist advance.

Comprehensive plans for a war on Communism have been drafted by the Political Affairs Committee of the East Hopei Autonomous Anti-Communist Government, headed by Yin Ju-ken, the *Kokutsu News Agency* reported from Mukden March 4. The program provides for an eradication of underground communist activities by a special unit of the peace preservation corps, the punishment of recalcitrant students and the cration of a special penitentiary for communists.

Reuters reported from Peiping March 6 that so far, foreign dispatches fail to confirm the Chinese report that a force of 2,000 Communists suffered an overwhelming defeat at the hands of Shansi provincial troops west of Fenchow.

Commenting on the advance of Communists in Shansi, the *Shanghai Nippo* emphasizes that the weakness of the position of General Yen Hsi-shan has been completely exposed by the successful advance of Communists into the province of Shansi.

"With the aim of getting food, the Communists in Shansi, which number now about 20,000, are crushing nearly 200,000 troops of the Government. It deserves the word "alarming" indeed.

DR. WANG CHUNG-HUI URGES CHINA TO HELP HERSELF

Dr. Wang Chung-hui, until lately Chinese judge at the Permanent Court of International Justice at The Hague, arrived in Hongkong March 10 from Europe. Dr. Wang, interviewed by *Reuter* said:

"My message for China is contained in the old English proverb 'God helps those who help themselves.' It is my ambition to see the unification of China, and I have resigned from the World Court to help the country achieve this. China will not refuse assistance from foreign Powers, but we should not solicit it, and, unified, we would not require it. If I prevail upon Hu Han-min to go to Nanking with me, the chances of unification will be excellent despite the unsteady political situation internally and externally. There are many problems requiring very careful study and, until I interview the leaders in the North and South, I am unable to suggest a future policy for the welfare of the nation. In fact, I have come for advice myself. Respecting Japan, there can be no settled policy for China at present since all depends on Japan." Dr. Wang denied that he had been offered a ministerial post in the Central Government and said he was not considering return to active politics. Dr. Wang will visit Canton before proceeding North to Nanking.

According to a report from foreign sources in Canton in the early part of the week, Hu Han-min, the veteran Southwest Leader and newly elected Chairman of the Standing Committee of the Central Executive Committee, has been detained by the authorities there. Efforts to confirm or to refute the report in Shanghai are of no avail, but it is said that information emanated from quarters close to Mr. Hu and his associates.

Is Japan an Organized and Orderly State?

BY C. Y. W. MENG (孟 長 泳)

IN 1930, Mr. Wakatsuki, the then premier of Japan, was assassinated by Japanese assassins. In 1933 Mr. Inukai, the then premier of Japan, was assassinated. In 1935, General Nagata, Director General of Military Affairs, was "stabbed" to death in his office by Lieutenant-Colonel Aizawa. In the same year, an unsuccessful murderous attack was made on Dr. Minobe, the author of the "Emperor Organ Theory." In the early part of 1936, Ex-Premier Saito, Finance Minister Takahaski, General Watanabe, and Colonel Denzo Matsui were all murdered, and a few others were seriously wounded, while the Premier (Admiral Okada) had a narrow escape, his brother-in-law having been killed in his stead "by mistake." Not only were these high officials in Tokyo murdered, but also many of the state buildings and government offices—"all situated near the Imperial Palace"—were trespassed upon and occupied by the "rebel troops" for no less than three days, they having established "headquarters" there. The other cabinet ministers had to flee and to seek refuge in the Imperial Palace. When the Imperial Edict was issued ordering them to go back to their barracks, the Edict was disregarded by the rebels. The rebel troops finally withdrew, but only after being threatened with a resort to force. The higher military authorities in Tokyo, instead of taking more dignified actions to mete out prompt, due and exemplary punishment to the rebels—curiously enough acted only as mediators between the government and the rebels to effect the evacuation of the rebel troops from the government offices. At a Cabinet meeting, it was decided only to dismiss three infantry captains, six infantry lieutenants, one artillery lieutenant and five infantry second-lieutenants. Captain Nonaka, one of the leaders of the assassins, was merely ordered to be dismissed! Though the latter committed "harakiri" afterwards, the decision to punish an official who killed and wounded no less than half-dozen government high officials by dismissal makes the procedure the laughing-stock of the world. It is equally curious that the rebels, instead of being promptly and adequately punished, were permitted to make "terms" regarding the formation of the new cabinet and the choice of the personnel. At present the militarists still raise opposition against Hirota's Cabinet on the ground that it will lead to the adoption of a "weak policy" both in domestic and in foreign affairs.

Ignorance or Connivance?

In fact, it does not require the well-informed circles in Japan to predict the outbreak of rebellion, nor much effort by their intelligence service in Tokyo to discover a plot. Even in China we learn of a plot before it breaks out. A pamphlet told very clearly the whole plot of the rebellion in a detailed manner. The names of the officials to be assassinated were all given. The distribution of the troops in different places to start the rebellion was also given. Not only this, in the book-shops in Japan, one could easily read many other pamphlets, such as "The Truth about the Meeting of the Elder Statesmen (or Palace Clique)" (重臣集團之眞相), "General Nagata" (永田鐵山論), "General Kawashima and General Watanabe" (川島義之與渡邊錠太郎), "The Truth about General Kawashima" (川島大將之素描). When one read these pamphlets, one could easily conclude that the opposition against the Elder Statesman clique and the present government is very strong, and that a plot was apparently being "hatched" there. But the question is: Why could not the whole plot be nipped in the bud? What was the intelligence service in Tokyo doing? Did they not know anything about it, or did they permit the rebellion to take place?

So when the whole situation is studied, we have a situation as follows: In a country where the politicians, instead of resorting to constitutional process to bring about a change in the cabinet, resort to the process of "wholesale assassination" of the opponent officials; where the assassination of high officials and leaders is practically a daily affair; where the assassins are not only never adequately punished in accordance with law, but are permitted to discuss "terms" for their surrender; where the government is entirely hopeless and powerless before the militarists, able to take independent action in Japan in defiance of the Imperial Edict; and also in the neighboring countries, for which the Tokyo Foreign Office has to issue "denials"; where it is almost impossible to carry out any reform measure to strengthen "discipline" in the Army and to curb activities of junior officers, especially the "Kwangtung branch"; and where the police administration and intelligence services are quite inadequate, not being able nip a known plot of rebellion against the government in the bud. We believe we are justified in concluding that such country is by no means an organized and orderly state. It is only a disorganized and disorderly country where the constitutional system is now being displaced by militarism; where there is no order but chaos; where there is no right but might, and where the glorious past of one nation is completely destroyed by her unscrupulous citizens. It is indeed a great pity that the Island Empire, once the coaling station for western steamers, later emerging into a first-rank nation in less than 40 years through the efforts of their great statesmen, has now fallen again into a disorganized and disorderly state! It is a shame to the Oriental people, and it is a black spot or "big blot," (to quote from the speech of the Japanese Minister) in the Oriental history! It is Japan now that is "not an organized state" but only a "geographical expression!"

Nanking and Canton Reactions

But what concerns us most is the state of Sino-Japanese relations after the military coup in Japan. When the rebellion in Japan was first reported to Nanking, the leaders in the government immediately held an urgent meeting "to exchange the information and materials for further discussion." One high official in the government was quoted to have said *inter alia* that "it is indeed regrettable that the military coup in Tokyo takes places just at the time when Sino-Japanese relations have improved. From our observation, after the military coup, the young militarist clique will be more powerful. Their policy towards China will be changed to a more aggressive one. Our comrades should wake up to fight for our self-preservation." An urgent telegram was sent also to Canton, asking the opinion of the South-West leaders on the Sino-Japanese situation after the outbreak of the military coup in Japan.

In the evening of Feb. 26, an urgent meeting was held in Canton, which was participated by many veteran leaders, such as Hu Han-min, Generals Chen Chi-tang and Li Chung-jen, Siao Fau-chen, Chow Lu, etc., to discuss the military coup in Japan. It was their unanimous opinion that the Japanese military coup "has great concern for Sino-Japanese relations." On Feb. 29, an urgent telegram was sent to Nanking requesting the latter to "quickly send high officials to go to Canton to discuss with them personally on a policy to cope with the situation." In the meantime, Gen. Pei Chung-hsi, another strong man in the South-West, called a conference of the representatives of the students throughout the whole province, where the General delivered an "advisory speech" to urge and encourage the students to possess a better "spirit of struggle and sacrifice" to strive to save the nation!

On the same day we understand that another urgent telegram was addressed to the Central Kuomintang Headquarters in Nanking and the National Government, expressing their strong opposition against Hirota's Three Basic Principles. The following is the full text of the telegram (roughly translated by the writer):

> "Recently, there has been much report about the opening of a readjustment conference between China and Japan, and it is further reported that the 3 Basic Principles, proposed by the Japanese, would be the basis of discussion. As the Government has never made them public, the public is left in darkness and does not know the truth about the negotiation. According to foreign information, it is said that the first principle is that China should abandon her policy of 'bidding one foreign power against another.' Second, China should recognize the *de facto* existence of Manchukuo. Third, China take joint measures with Japan to prevent the spread of the communism in North China. Judging from the spirit of the 3 Basic Principles, Japan regards China nothing but her protegee. On one hand, Japan wants to stop us from having more friendly contact with other powers; and on the other, Japan wants to force us to recognize their puppet state—Manchukuo. Further, they plan to use North China as the base of their operations. Should the Government agree to the proposals; and further, agree to use these principles as the basic principles of discussion, China would destroy her own national prestige in its entirety. Four years have passed since the loss of the North-Eastern Provinces. One year has elapsed since the outbreak of Hopei-Chahar situation. The Chinese people have been much grieved by the national crisis, and they hope very earnestly that our Government will reject the Japanese demands and also the so called 3 Basic Principles, in order to vindicate righteousness. All of the so-called secret-diplomacy should be discarded, so as to let all people know what is going on."

The Chinese Intelligentsia and the Japanese Military Coup

So much is known about Chinese opinion on the Japanese military coup, from more or less the Chinese official circles. Let us now turn our attention to study Chinese public opinion.

To be brief, the Chinese masses really do not care who would organize the cabinet after the military coup—whether the Elder statesmen, militarists or even the coalitionists; for the Chinese believe that the Japanese policy towards China, which they term as the "Asiatic Morone Doctrine," will always remain the same. That is, on one hand, Japan wants to declare her hegemony in China; and on the other, Japan wants to demand the other powers to keep 'hands off' Far Eastern politics. Such is the policy of the Japanese nation—be it the Elder Statesmen or militarists, Seiyukai or Minseito. The only difference is the degree of action—one being aggressive and radical, and the other being aggressive but prudent; one is by military action, the other by peaceful penetration.

But the Chinese conclude that there is one thing which China has gained and which Japan has lost, as a result of the military coup in Tokyo on Feb. 26. That is, while Japan is now regarded more as a great menace to the world peace by the whole civilized world, and is now more isolated than ever before, China has definitely gained and enlisted more sympathy from other nations, which could indeed well be translated into action when China puts up resistance against Japan. So the Chinese well-informed circles conclude that the result of the military coup in Tokyo might mean success for the present for Japan, in that it brings about the death of many of the Elder statesmen; it enables Japan to take more aggressive actions in China, and it enables Japan to go to war against Russia. But in the end, it is a blunder for Japan. The revolution which is already brewing in Japan and which might break out at any moment would bring about a complete collapse of the military regime in Japan—when the tax-payers lose their patience—very much in the same way as happened in Germany when she went to war with the whole civilized world.

Sino-Japanese Relations Hereafter—"Gun-Boat Policy" Again?

Mr. Arita, the newly appointed Japanese Ambassador to China, is already in Nanking. But instead of coming to the Chinese Capital by the special train, well decorated and prepared for him (which is usually the case), the new Japanese Ambassador created a precedent by coming to Nanking on a Japanese gun-boat. In an editorial, the *Chu Kuo Jen Pao*, one of the outspoken papers in the Capital, expressed regret at seeing the Japanese Ambassador being carried to Nanking by a Japanese gun-boat, and asked sarcastically that "should this be indicative that the future Japanese policy in China is one of aggression and gun-boat policy?" "Since the establishment of the National Government in Nanking, it has been the policy of the National Government to abolish the unequal treaties. The movement of foreign gunboats in Chinese interior waters is one of the greatest humiliations of all. China must put an end to this practice within the shortest possible time. But, unfortunately, the new Japanese Ambassador has created a new precedent by coming to Nanking by Japanese gunboat to present his credentials. We feel such humiliation is a hundred or a thousand times greater than others!" said the paper *inter alia*. Continuing, the paper said, "should this indicate that Japan would employ force to enforce its policy of aggression, Japan would witness something later on," meaning, of course, any further Japanese aggression will meet with Chinese resistance.

Signs of More Japanese Aggressions

That recently the Japanese militarists have apparently renewed her military actions in North China, and have adopted a stronger policy in China could be proved by many instances. The Japanese military planes have been flying about in North China, which has at last broken the silence of the Ministry of Foreign Affairs, which lodged a strong protest with Japan. So far, no reply has yet come from the Japanese. But we learn from the Chinese diplomatic circles that the Government would take "appropriate action within appropriate time" should the protest fail to take effect, and would make "stronger representations for the maintenance of national sovereignty."

It is also learned that Japanese gun-boats have been moving freely in Lan Hun Bay, a strategic bay in the Province of Kiangsu, for reconnoitering purposes. We learn that the Government has instructed the Provincial Government to make a full report of the affair, and will also lodge a "protest" with Japan.

It is also reported that the Japanese militarists in North China have demanded to send Japanese troops to co-operate with the Chinese troops to suppress the bandit-communists in Shansi and Shensi. But, on the other hand, it is equally clear that the Chinese public opposition is very strong. In an editorial on "Japan Offers Anti-Communist Co-operation," the *China Times*, a leading daily in Shanghai, expressed its strong opposition. "In the first place, Japan's campaign agains communism is really communistic itself. When Japan occupied the four Northeastern Provinces, she explained to the world that she was doing so to prevent the further penetration of communism into Asia. To all appearances the Japanese militarists are fighting against the communists, but in fact they are the real communists. Secondly, Japanese militarists have furthered the dismemberment and disunity of China. They have supported Yin Ju-keng, the self-proclaimed head of the bogus regime, in the organization of the Anti-Communist East Hopei Council. According to its name the purpose of this bogus state is to fight the Reds, but actually its purpose is to break up China. Lastly, Japanese newspapers have spread rumors to the effect that China and Russia have entered into a secret agreement for mutual assistance and that the Chinese authorities are "pro-communist." It is apparent then that the Japanese offer to suppress communism in North China has some motive other than the elimination of communism behind it. We are confident that China is at present capable of coping with the Red menace without the assistance of others. Any nation offering co-operation and using the word to hide aggression will most certainly receive a flat rejection from China," said the paper.

To sum up the whole situation, the military coup in Tokyo has brought about many sudden developments in the Far East. First, Japan has now proved to the world that she herself is a disorganized and disorderly state as well as a militarized power, and because of this Japan is now more isolated than ever before. Secondly, the political developments in Japan have convinced the Chinese that Japanese policy towards China in future would not be weaker than before; but on the contrary, it would be stronger than before; and that the only way out for China is to put up resistance to oppose the aggression, and to utilize the international sympathies which China has decidedly gained this time. Thirdly, it has resulted in a marked change in the Chinese policy. Formerly China was always "timid" before the gun-boat policy of the foreign powers, but now she is defiant of this policy, and openly tells the powers that any power that dares to employ the gunboat policy in China is likely to meet resistance from the Chinese. Formerly, China adopted a policy of non-resistance against foreign aggression, but now she definitely tells the world that she will resist any invasion. Lastly, the gravity of the situation in the Far East has driven Nanking and Canton to come together to effect the national unification at the earliest possible date.

Nanking, March 7, 1936.

Mme. Chiang Kai-shek Urges Women to Help "New Life" Movement

Mme. Chiang Kai-shek, in a speech delivered before the Nanking Women's Club at the Community Center, Mar. 4, rallied the intellectual members of the fair sex of the capital, both foreign and Chinese to participate in the New Life Movement. Defining the essential meaning of the Movement as first, to improve ourselves and second, to help others to improve themselves, Mme. Chiang enlisted the co-operation of the Nanking women to help in such minor but vital work as the promotion of home sanitation, the launching of a campaign among home-makers for cleaner and neater homes, and the injection of modern ideas into the minds of Chinese mothers about the proper up-bringing of children.

There are many activities which civic-minded women of the capital may lend a hand, according to Mme. Chiang. For instance, they may get together and petition the city government to open more public parks. They may start a beautification campaign for the city. They may organize schools to teach the illiterates to read and write. They may teach others to sing. All these require little money and efforts, she said.

She then proceeded to contrast the conditions in provinces she visited before and after the Movement was started. She also mentioned the co-operation pledged by the foreign missionaries in popularizing the Movement. When she first visited Szechwan, Mme. Chiang recalled, there were only a handful of government troops and bandits were many. But the presence of the Generalissimo at Chengtu had succeeded in stabilizing political conditions in that province. Mme. Chiang reported that soon after the Movement was launched, public-spirited women in Szechwan started the first women's clinic in that province. At the same time, an anti-concubinage campaign was started in order to remove the deep-rooted social system which had for centuries worked against the interest of the Szechwan women.

According to the speaker, the original motive behind General Chiang's determination to sponsor the Movement was to help the peasants of the communist-ridden province of Kiangsi. To accomplish this purpose, Pieh Tung Tui, or "Young Men's Corps," were organized in order to teach the peasants to use new farming implements, to teach the rural populace to read, and to help them in any possible manner. Results, she said, were noticeable. No little skepticism was first displayed by the Kiangsi peasants over the intentions of the Government to help them through the Movement, she recalled. But it did not take them long to realize for their tax burden was soon relieved and the former oppression of the militarists and gentry was totally done away with.

After relating how the Movement had improved conditions in Nanchang, Sian, Kweiyang and other places, Mme. Chiang asserted that the Movement has now become a nation-wide one since its inception two years ago. She, nevertheless, did not hesitate to admit that the Movement has not made much headway in Shanghai, Nanking and Hangchow. To remedy the situation, she urged all women to help—foreigners as well.

Dr. C. E. Turner Inspects Health Work in China's Schools

Dr. Clair E. Turner, Professor of Biology and Public Health of the Massachusetts Institute of Technology, who is visiting China, departed for Peiping this week. Before his departure, from Nanking Dr. Turner had the opportunity of investigating the work of the National Health Administration by which he was highly impressed.

Dr. Turner will continue his investigation trip to North and later Central China. He has been asked by the Ministry of Education and the National Health Administration to investigate health education in Chinese schools. Dr. C. K. Chu of the N.H.A. is accompanying Dr. Turner. The investigation is expected to take three weeks.

Chinese Railways

Nanking-Shanghai and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Nanking-Shanghai Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

Will Japanese Investments in Manchuria Become "Frozen?"

BY THE REVIEW'S HARBIN CORRESPONDENT

FEAR that Japanese capital invested in Manchuria through the South Manchuria Railway and other channels may "freeze" and precipitate a financial and possibly political upheaval of unheard-of proportions in Japan appears to be well founded. Such fear has been voiced by no other institution than the Tokyo Bank Clearing House which in a warning drawn by a special committee states that of late the S.M.R. securities have shown a steady declining tendency, indicative of the waning confidence of the public in these securities. In view of this situation, the authorities of the Manchurian Affairs Bureau of the Cabinet (headed by the Minister of War) felt obliged to send a number of emissaries to Osaka and Kobe with a view to seeing there the principal financiers and dispelling their apprehension regarding Manchurian securities.

To quote the report of the said committee of the Tokyo Clearing House, it stated, "The total sum of Japanese capital invested in the new Empire during the four years from 1932 to 1935 aggregates 800 million yen, but this overflow of the country's capital has thus far caused little trouble, it having been virtually offset by a remarkable rise in Japanese exports to Manchukuo. This excess of exports over imports during this period amounted roughly to 570 million yen, but, if Japanese capital invested in Manchuria, which is certain to increase annually, becomes "frozen," the domestic bond market would be seriously affected" (quoted from a Tokyo dispatch dated February 3).

That investors in Japan have become wiser in respect to Manchurian securities appears to be apparent, and this is seen from the fact that the S.M.R. Company is having tremendous difficulty to move its bonds and debentures, whereas only a few months ago said securities used to be oversubscribed several times by the bond market. The public seem to have scented that the S.M.R. has over-expanded beyond all bounds and that this over-expansion may result (as it always does) in the "freezing" of its capital, precipitating a collapse, the seriousness of which has never yet seen in the annals of Japanese finance. The situation appears to be sufficiently grave to cause the Manchurian Affairs Bureau to attempt to revive a waning interest in Manchurian securities by means of the only measure it can command in the present case—another appeal to the patriotism of investors.

S.M.R. Hopes to Expand Still Further

Commenting on this situation, a dispatch to the *Tokyo Asahi* from Dairen dated Feb. 18 stated, "Fundamental steps for remedying the recent lack of assimilation of the S.M.R. Company debentures are being anxiously considered as a matter of life and death to the S.M.R. The matter concerns not only the debentures of the S.M.R. but it has an important bearing on all investments in Manchuria and is likely to have far-reaching effects on future developments. And as such the situation is being earnestly re-examined." A surprising side of it is the fact that, despite this apparent waning of confidence in the S.M.R. debentures the Company plans to expand still further allegedly for the purpose of executing "national policy in Manchuria." For this purpose, it requires a capital amounting to Yen 728,500,000 still to be raised by the Japanese people.

This means that the Company requires nearly as much as its authorized capital (Yen 800,000,000), of which by Oct. 1, 1935, Yen 667,000,000 was paid-up (half of it by the Japanese Government and the other half by the public, said to aggregate 60,000 share-holders). The Company was originally authorized to issue debentures to the amount of the unpaid share capital belonging to others than the Government. In 1910 this was changed so that this amount could be increased to twice the amount of all paid up share capital, provided it would not exceed the amount of the authorized capital. Under this regulation, it is said that the Company may now raise only Yen 93,000,000 by means of debentures, "a sum quite insufficient to serve the ever growing business activities of the corporation in Manchuria and North China" (quoted from a Tokyo dispatch to the *Manchuria Daily News* dated Dec. 18, 1935). In view of this pressing necessity of further expansion, Yosuke Matsuoka, president of the S.M.R., has been working hard to persuade the Government to raise the debenture issuing capacity of the Company by Yen 500,000,000. Only then, it is said, will it be possible to raise the required sum of Yen 728,500,000 badly needed for the execution "of national policy," which—to say it plainly—apparently comes to converting Manchuria into a huge base of operations for a future war.

That such is Japanese national policy may be seen from the manner of disbursing the required sum of Yen 728,500,000. According to the plans recently drawn up by the Board of Directors of the S.M.R. and approved of by the military authorities, this fund will be invested as follows (in the course of next five years):—

Improvement of State Railways ...	Yen	150,000,000
Construction of new railways ...	,,	125,000,000
,, of Rashin Harbor ...	,,	8,000,000
,, of Koro Island Harbor ...	,,	10,000,000
,, of Fushun Power Station	,,	10,000,000
The S.M.R. share in—		
the Coal Liquefaction Co. ...	Yen	12,000,000
the Aluminum Co.	,,	4,000,000
the Soda Co.	,,	2,000,000
the Coal Mining Co.	,,	12,000,000
the Showa Steel Works	,,	18,000,000
the Chemical Co.	,,	5,000,000
Total direct investment	Yen	356,000,000
Purchase of the Chinese Eastern Railway Bonds	Yen	80,000,000
To be invested by the S.M.R. Co. subsidiary enterprises in—		
Electrical industry of Manchukuo	Yen	115,000,000
Coal industry of Manchukuo ...	,,	12,000,000
Aluminum industry of Manchukuo	,,	8,000,000
Soda industry of Manchukuo ...	,,	2,000,000
Chemical industry of Manchukuo	,,	7,500,000
Total indirect investment	Yen	224,500,000
Total projected investment	Yen	728,500,000

How does the Company propose to raise this stupendous fund, required for its "Five Year Plan"? By borrowing, if and when the Government raises the debenture issuing capacity of the Company. According to a tentative plan, recently adopted by the Company, this procedure will be carried out as follows:—

1936—Collection of the unpaid portion of shares held by the public ...	Yen	36,000,000
Sale of debentures	,,	80,000,000
Sale of shares of the subsidiary enterprises	,,	14,000,000
1937—Collection of the unpaid portion of shares held by the public	,,	36,000,000
Sale of debentures	,,	85,000,000
1938—Sale of debentures	,,	80,000,000
1939—Sale of debentures	,,	60,000,000
1940—Sale of debentures	,,	45,000,000
Total	Yen	436,000,000
Raised in the current fiscal year	Yen	140,500,000
Grand Total	Yen	582,000,000

Government Has No Funds to Invest

A curious phase of the situation is that, according to the present statutes of the Company, whenever the Company calls in the unpaid portion of shares, it should be paid in equally by the Government and the public, but in the present case the Government *has no funds* to pay in its portion of shares (Yen 142,000,000, that is, nearly equal to the cost of the Chinese Eastern Railway). Being in such a fix, the Government is contemplating the "swapping" of North Korean railways to the S.M.R. as "investment in property."

With this, we may examine the present state of investments of the S.M.R. in Manchuria. According to official data, these investments stood on March 31, 1934, as follows: Railways—Yen 274,248,000; hotels—Yen 5,146,200; harbors—Yen 90,122,000; coal mines—Yen 109,064,000; shale oil plant—Yen 7,508,000; local public works—Yen 185,910,000; and miscellaneous—Yen 65,943,000; total—Yen 737,942,000. If we add to this the loans made by the S.M.R. to "State" railways (Yen 159,273,000), and the investment made in subsidiary enterprises (Yen 120,000,000), we have the figure of Yen 1,017,215,000, representing the approximate total capital investment of the S.M.R. in Manchuria.

The profit derived from this stupendous investment was as follows in recent years: Yen 45,505,857 in 1929-30; Yen 61,287,725 in 1931-32; Yen 42,920,554 in 1933-34; and Yen42,920,554 in 1934-35. In the present fiscal year ending March 31, it is expected that the net profit will be around Yen 48,000,000. Because of the high profit, the Company has been able to maintain a dividend of 8 per cent per annum, although the shareholders clamor for a higher dividend.

It should be noted that the bulk of the Company's profits—85 per cent of them—is derived from railway operations, especially from freight carriage. Amongst the freight carried, the most important are soya beans and coal, proving the old saying that the prosperity of Manchuria depends upon soya beans (which approximately constitute 60 per cent of all exports of Manchuria).

Steady Fall in Soya Bean Production

Now, however, a grave development has been taking place in Manchuria in recent years, a steady fall of soya bean production and exports. This may be seen from the following table (in 1,000 metric tons):—

smart PEOPLE PROTECT THEIR EYES

POOR LIGHT IS THE INDIRECT CAUSE OF MANY COMMON ILLS . . . HEADACHE, INDIGESTION, NERVOUSNESS . . . . . AND THE DIRECT CAUSE OF THAT TRAGEDY OF MIDDLE YEARS . . . . . PARTIAL BLINDNESS . . . .

PROTECT YOUR EYES BY PROPER LIGHTING

OUR REPRESENTATIVE WILL BE GLAD TO CALL WITH A LIGHT METER TO TEST THE LIGHT IN YOUR WORKING AND RECREATION ROOMS —WITHOUT COST OR OBLIGATION.

SHANGHAI POWER COMPANY

Head Office, 95 Nanking Road Tel. 11010

Years	*Production*	*Export*
1929	4,849	2,705
1930	5,298	2,235
1931	5,227	2,477
1932	?	1,900
1933	4,601	2,283
1934	3,346	2,408
1935	3,822	?

The downward trend of exports continues, for, according to a recent report, the export of soya beans in 1935 was lower by $30,295,000 in value against that in 1934. When we examine the causes of this falling off of production and exports, we find them so deep rooted that they defy any remedying, to wit: falling demand abroad, competition of other countries for oilseeds, changing of the farmer's economy in Manchuria, etc.

Under these conditions, it would be saner to hold up investing any further in Manchuria, but the necessities of "national policy" appear to be such that in defiance of business judgment the S.M.R. rushes headlong toward further investment, literally pouring in an additional sum of Yen 728,500,000 (this would make its total investment in Manchuria equal to Yen 1,745,715,000).

As a result of this unwise, unscientific and reckless investment, —unless it is done to prepare Japan for war,—Manchuria has become a country with an unfavorable balance of trade, instead of its traditionally favorable balance of trade in her entire modern history when under Chinese control. The excess of imports over exports in 1935 and 1934 was, respectively, $183,071,000 and $145,145,000, whereas in 1927 the excess of exports over imports was equal to Hk.Tls.139,122,000.

An examination of the list of imports since the creation of Manchukuo reveals the fact that iron, steel, machinery vessels and vehicles constitute almost 30 per cent of all imports, the principal use of which materials cannot be otherwise than military (farmers, who make up 90 per cent of the entire population, have received not a single tractor). As a result of this rapid and from the economic point of view uncalled for importation of producers' goods, Manchuria is being rapidly industrialized, losing its traditional character of an agricultural country. There are already signs of Manchurian industries being apt to compete with Japanese industries either at home, in Japan or even abroad.

There remains to say a few words about the smaller "fry," the private investors who rushed to Manchuria in search of fabulous wealth. These enthusiasts opened a shop or a small works and waited for customers—the native customers, comprising "the Manchurian 30 millions," who so spontaneously wanted to be "free and independent." But few of them showed up, except their own nationals, employes of the Japanese or Manchukuo Governments, The native customer continues his age long treading of the fields, clad in the same rags which he wore in the good old times of Governor Chang Hsueh-liang. All these economic schemes do not touch him; he travels as his forefathers did; he patiently waits for the day when he will rise up and remove the heads of some people in Manchuria and elsewhere who are exploiting him.

Such are the fundamental contradictions of Japanese economic policy in Manchuria. It appears that the unhealthy and reckless nature of this policy is only now becoming clear to Japanese investors, who as people having no ill-will towards their own money, are tightening up their purses, reviving the old axiom that you cannot go on borrowing all the time. In the light of these facts, it should surprise none if Japanese investments in Manchuria "freeze up" and bring about a financial collapse of the Island Empire. Then the old saying that by giving birth to Manchukuo Japan has created a monster which would gulp her up will have proved prophetic.

Harbin, March 3, 1936.

Foreign Trade Bureau Say China's Commerce and Industry Are Slowly Recovering

China's commerce and industry are slowly but steadily recovering from stagnation as a result of the treatment prescribed by Dr. H. H. Kung, Minister of Finance, since the promulgation last Nov. 4 of the financial decree, the Foreign Trade Bureau at Nanking reports.

The export of green tea from China slumped to $14,976,000 during the first ten months of the last year as against $15,239,000 of the same period in 1934.

During the first six months of 1935, the production by the Chinese match factories amounted to 360,703 boxes, an increase of 13 per cent as compared with the corresponding period of 1934.

China Reconstruction Finance Corporation Nets $1,210,000 Profit

At its annual shareholders meeting Mar. 7, it was revealed that the China Reconstruction Finance Corporation made a profit of $1,210,000 in 1935. According to T. L. Soong, manager of the Corporation, the report to the effect that the capital of the Corporation would be increased to $50,000,000 is entirely untrue. Although the Corporation is instructed to organize a mortgage bank, the capital will be appropriated by the Ministry of Finance and no decision has yet been made regarding the amount.

The Communist Thrust Into Shansi

BY C. Y. HSIEH

THE troubled waters in North China stand an evil chance of being further ruffled by what has since the latter part of February, been taking place in Shansi. There the scourge of communist banditry has already swept over several districts and is now apparently heading toward the provincial capital. Judging by the time and direction in which the communists thus chose to strike, they could have no other objective in mind than to create the worst embarrassment to local and central authorities. Even more serious is the prospect of another Red stronghold in the making in the North which, like the one in Kiangsi, would cost dearly to tear down.

It is unfortunate that the true picture of the present communist situation in Shansi has been blurred by inspired reports of one sort or another. The forced optimism on the part of provincial authorities as to their ability to check the menace is as little justified as the habitual "anxiety" and pessimism of Japanese press agencies and army leaders in China. As will be shown by facts presented below, the Red inroad in Shansi is by no means a local rancor which can be competently dealt with by provincial troops and resources. It is a national problem which the Central Government should not shirk to solve. And it is only if Nanking steps in promptly and courageously to tackle the situation that a stop may be put to international complications and ultimate intervention for which Japanese propaganda has of late been preparing the ground.

It appeared that the Reds started their incursion into Shansi on February 21 when their vanguards crossed the Yellow River from Yenchuan and Yenchang in eastern Shensi. By February 24 about 6,000 Reds had made the crossing and begun their march toward Shihlo, Lishih, Yungho and Liulin. Subsequent crossings brought numerous reinforcements. The strength of communist troops now in Shansi has been variously estimated at from 10,000 to 20,000 men, but nothing can be said of its exact number. It is certain, however, according to information from Sianfu, that the Red commanders had moved all of their available units from Shensi to Shansi, with the exception of a small army under Liu Tze-Tang to guard their rear. From northern Shensi it was reported that Mao Cheh-Tung, one of the leading spirits of Chinese communist movement, started recruiting last winter in the several districts around Yenan and that as a result young recruits numbering 10,000 strong had been given three months' training for eventual campaigning elsewhere. These men must have formed part of the invading forces which crossed into Shansi under the commands of such notorious Red leaders as Mao, Peng Teh-Huai, Lin Piao and Hsu Hai-Tung with Mao as the Commander-in-Chief. Up to now they have succeeded in overrunning at least seven districts in southwestern Shansi, inculding Chungyang, where another Chinese Soviet Government was rumored to have been formed. With their march unopposed, the Reds have been speeding eastward toward Taiyuanfu and were at one time reported to have taken Fengchow, the fall of which, however, has not been officially confirmed.

An Analysis of Red Strategy

It is not easy just now to determine what the exact intentions of the Reds are and what strategy they are going to adopt. Certain evident factors, however, may help to clarify the situation. In the first place, the communist thrust into Shansi was not the result of pressure exerted by Government troops in northern Shensi which might have made exodus necessary. As a matter of fact, no large-scale offensive had been launched by these troops during the past half year. Therefore the present eastern incursion of the Reds, far from being another passive retreat like the one following the collapse of Chu Teh and Mao Cheh-Tung in southern Kiangsi and more recently, of Hsiao Keh, and Ho Lung in Hunan-Hupeh border, must be regarded as an active move after a sufficient respite.

Secondly, the crossing of the Yellow River by practically all the communist hordes suggests a decisive throw. For although in its present frozen state the river is easy to cross and recross, the thawing soon to come would make retreat and its recrossing, in case of military reverses, extremely hazardous if not impossible. This point could not have been lost on the communists who, whoever, evidently dared it by sending all their men into Shansi to oppose an army numerically several times their superior. It may be conjectured that the Reds would no longer be satisfied with erstwhile depredations in northern Shensi where they merely tried to sovietize the rural districts as they overran and slaughter local officials and gentry, but have staked their major political aspirations in their present attempt.

Then again, it is abundantly clear that the new orientation of the Reds was adopted with a view to complicating the North China problem. When in July and August of last year Mao Cheh-Tung, Peng Teh-Huai and Hsu Hai-Tung led separate units of communist forces from western Szechuan and southern Shensi northwards toward Kansu, it was widely conjectured that the plan of the communists was to blaze a so-called "international route" to the land of the Soviets through Sinkiang and Outer Mongolia. It was even asserted that this plan formed the ground on which Mao Cheh-Tung broke away from Chu Teh and Chang Kuo-Tao who disagreed with him. But instead of carrying it out, the communists have now concentrated their main force for an eastern march. The conclusion is therefore irresistible that they do this purposely to aggravate the moribund situation in North China.

This seems to have been borne out by still another factor—the change in Comintern's tactics in China. Reports in foreign press had it that since the 7th Congress of the 3rd International held in January and February last year, there have been drastic revisions of that organ's assessment of the Chinese political situation which entailed fundamental changes in communist strategy. These involve a relaxation of insistance in a Soviet regime in China in favor of the formation of a "Natjonal Defence Government," and of allied national salvation armies. So it is not hard to imagine the greatest immediate objective before the Reds. With them shut in in Shensi and Kansu, this nationalist orientation would not come to anything. But heading as they are directly to impact the Japanese-manipulated anti-communist front in North China, they counted on a headway in popular following which could not be checked by sheer military force.

Finally, some geographical considerations might also have weighed with the high council of the communists in embarking on the Shansi compaign. It is a well-known fact that around Shansi-Honan and Shansi-Hopei-Honan borders, with their mountainous terrain and difficult access, have lurked numerous bands of local riff-raff who, according to the people of the affected districts, had more than once raised Red ensigns to impress the government troops or to press the populace into their service. Since there is every reason to believe that the first move of the communist invaders after their arrival on the Tatung-Puchow Railway would be to threaten the Shansi capital, a joining of forces between them and local bandits may not come after all. But should they find their way to Taiyuanfu effetcively blocked, it would be only natural for them to follow the line of least resistance and ensconce themselves in these hazy borders. In that event the absorption of local bandits may give them such a strong base and a swollen army as would make suppression extremely difficult.

It is by no means clear whether these factors have entered into the mind of the authorities concerned. Naturally enough the defence of the province has proceeded along the instinctive channels. In this the safety of the provincial capital must be the primary concern for which three defence lines have been constructed between Fengchow and Taiyuanfu, and Shansi troops under Generals Fu Tso-Yi and Wang Ching-Kuo have been recalled from their garrison duties in Suiyuan Province. Moreover, the report is current that Nanking has decided to send six division of the Central Army into Shansi.

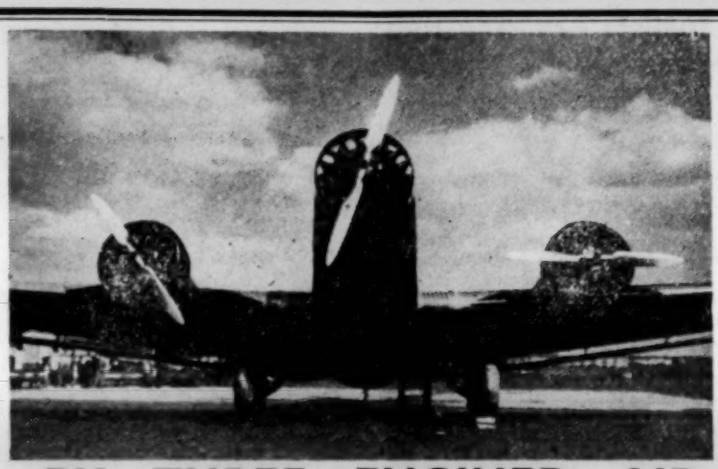
Result Does Not Depend on Arms Alone

But the outcome of the struggle with communists does not rest solely with arms. Following the fashion of the times and outdoing General Chiang Kai-shek for that matter, General Yen Hsi-Shan, the "strong man" of Shansi, observed last summer that in any scheme of communist suppression political pacification should play 90% and military operations only 10%, General Yen's lack of confidence in the military machine is understandable since his army poorly trained and equipped is anything but a fighting force. Then how about his long contemplated measures for political appeasement? These, to be sure, are many and highly appealing, too. Among the more publicized ones may be mentioned his schemes for the organization of "good men corps" and of anti-communist defence corps and for distribution according to labor, but by far the most discussed of all is the proposal for the community of land under the village.

Even conceding that General Yen and his subordinates have the courage to translate their words into action, the value of these ameliorative measures has become doubtful now that the Reds have changed their strategy by shifting their emphasis from communistic to nationalistic propaganda. But the fact is that none of these schemes has got very far from mere talk. The proposal for the community of land under the village,which arrested the attention of the whole nation when first put forward, fell through owing to its unfavorable reception by the landlords. The result has been an accentuation of popular unrest to which the disappointment of false hopes must inevitably lead. At the same time recovery in the decrepit economy of the province has not yet come, while new reconstruction work still takes time to bear fruit. Under its present dislocated and prostrate economic conditions it is evident that Shansi can ill bear up under the spread of the military scourge.

For the safety and welfare of Shansi it is imperative that its rulers should not hesitate to invoke the assistance of the Central Government, the need for which is all too plainly felt. In the words of *Ta Kung Pao*, "they should not shun the doctor where doctoring is necessary." On its part Nanking should see to it that prompt and adequate Central military and financial aids will be forthcoming. Here the give-and-take should be over and above every political consideration to be effective. For it must be realized that half-hearted remedial measures would be as productive of disasters as inaction.

Shanghai, Mar. 11, 1936.



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Pan-American Airlines to Shift China Terminal to Hongkong?

A *Domei* message from Hongkong, March 11 said the Pan-American Airways, operators of the first trans-Pacific airline, will establish their China terminal in Hongkong instead of at Macao. The first trial flight is expected to be carried out late this month.

An announcement in the *Official Gazette* of March 7 of air-mail rates from Hongkong to points served by the Pan-American network was held by observers to constitute a definite indication that the link between the Colony and Manila will soon be established.

C.N.A.C. Tri-Motored Plane Forced Down in Yunnan by Bad Weather

Anxiety concerning the fate of the C.N.A.C's tri-motored Ford' plane, which, had made a forced landing in Yunnan province due to bad weather, on the night of Mar. 5 was allayed later when the local office of the C.N.A.C. received a message from Pilot Byron O'Hara stating that both passengers and crew were safe and uninjured, although the plane had sustained serious damage in the forced landing, about 30 miles from Tengya in Yunnan, not far from the border of Kweichow. The forced landing was made during a blinding snowstorm. A rescue plane was sent from Chungking Mar. 10.

Reported Canton-Nanchang Airline Plan Denied

Current reports that the Southwest Aviation Company is planning to open a new air route between Canton and Nanchang and that test flights will be made along the new line sometime in April were characterized by a spokesman of the Ministry of Communications in Nanking, Mar. 7 as unfounded. Such a plan, the spokesman said, will never be carried out in view of difficulties ahead.

Eight Killed in Airplane Crash in Honan

Eight men were killed in a airplane crash in the Santaoho districts in Naihsian, Honan, Feb. 29. The airplane was on its way to Sian from Chungking to bomb the Communists. The plane crashed against a tree in the dark and was completely destroyed.

British Air Estimates for 1936 Show Increase of Twelve Millions Pounds

The British Air Estimates for 1936 were issued Mar. 6. They amount to £43,490,600, which exceeds the original Estimates for 1935 by £19,639,500 and the final estimates for the year by £12,488,500.

These increases, a Government memorandum stated, was necessary to finance further stages of the expansion scheme which is due to be substantially completed by the end of the financial year 1936. Details of the Air Estimates show that this year the pay-roll of the Royal Air Force is estimated at £6,518,-000 as compared with the 1935 estimate of £5,002,000.

Soviets Develop Far Eastern Air Lines

Khabarovsk (*Tass*) reports that civil aviation in the Russian Far Eastern Region has considerably developed in the course of the past six years. These lines include the Far Eastern section of the Moscow-Vladivostok trunk-line, the line to Alexandrovsk and Okha via Komsomolsk and Nikolayevsk, a line to the Aldan gold fields and a whole network of smaller internal airlines —a total of 8,800 kilometers of air lines.

Eleven Airplanes Burned at Seoul

Eleven planes, nine of which were naval craft, were reduced to a mass of twisted metal in a fire at Seoul early in the morning of March 7. Of the burned planes, two belonged to the Japan Air Transport Company, while the rest were fighting and scouting machines, which had landed the previous day on a flight between Omura, Kyushu, and North Korea. Only three naval planes were rescued by their crews, after desperate efforts.

Japan to Train 1,000 New Pilots for Military Purposes

According to well-informed circles, the Japanese authorities have decided to train 1,000 pilots in this year for the strengthening of the Japanese airforces.

Twenty Japanese Planes to Fly to Manchukuo

Twenty military planes, twelve of which will be heavy and the rest light bombers, were scheauled to leave Hamamatsu airport on Mar. 13, for an eight-day flight to Manchukuo and back.

Japanese Planes Fly Over Tsingtao

Despite the protests of the Nanking Government, Japanese airplanes are continuing their flights over North China, a message from Tsingtao in the *Min Pao* March 7 stated. Two Japanese military airplanes arrived at Tsingtaof rom Tsinan during the forenoon of March 6, one of them carrying with it three military officers. Immediately upon their arrival the officers conferred with Major-General Doihara. The planes later took off in a northerly direction.

How Japanese Imperialists Are Preparing for "The Great War"

(*From Moscow Pravda, Feb.* 4, 1936—*by A. Hamadau*)

In the last issue of the Japanese magazine *Tsuo Koron* (December, 1935) appeared an interesting article by the well-known economist, Sudzuki Nosaburo, "Characteristic Features of Present Phases of the Military Budget," in which the author analyzes the different items in the military budget, as well as the conditions accompanying its realization.

"Every year," he states, "in the course of preparing the budget, as if it was designed, the question arises of the border between Manchukuo and the U.S.S.R., the frontier of Mongolia, etc. . . . What relation does this question have to the budget? Japanese military expenditures are greater than in any other country. It is clear that the Japanese militarists have arranged all their anti-Soviet border provocations before-hand in order to obtain an increase in their war budget." Nosaburo then gives estimates of war expenditures in various Powers as follows:

Great Britain, 13.6%; U.S.A., 18.1%; France, 21.57%; Japan, 46.6%, and states that the unlimited expansion of the budget and the disporportion of the public funds expended on war materials excite the anxiety and disapproval of the masses in Japan. In the fiscal year, 1934-1935, from a total budget of Yen 2,100,000,000, Yen 1,300,000,000 was allotted solely for war expenditures. It is more difficult to ascertain what portion of the budget goes for secret preparations.

He then cites the question of a member of the Japanese Diet, Ogutsi Kiroki: "The figure for secret war expenditures reaches Yen 700,000,000. in the last two years (1934-1935). Certainly secret expenditures are necessary, but they excite doubts and unfavorable rumors." His remarks were ignored.

Nosaburo sees clearly that unlimited war expenditures will lead his country to something more serious than financial catastrophe, because people do not know why these expenditures are necessary. Criticising the project of increasing taxation for the purpose of obtaining funds for war needs, he warns: "The present artificial structure is dependent upon the patience of workers and peasants and may blow up any moment. It is impossible to imagine that taxes can be increased indefinitely for the satisfaction of the War Office. When the entire burden rests on the people's shoulders, it will not be so easy to put this project into execution."

Analyzing the other project of economy in general expenditures, Nosaburo reveals a system of "indirect" war expenditures. For instance, the Ministry of Communications estimated an appropriation of Yen 97,000,000 allotted for veterans' pensions, which sum the War Ministry is very anxious to get the disposal of by any means even through an appeal to the patriotism of the pensioned "because of extraordinary times." Other large amounts allotted in the budget to Civil Departments, but at the disposal of the War Department are: Ministry of Education, for pre-war training; Ministry of Agriculture, for the enlistment of recruits; Ministries of Trade and Industries for war orders, etc.

The author marks the sharp increase in the production of war materials in 1935 as campared with 1931—the year of the Manchurian occupation.

This increase is reflected in the following figures from the government arsenal:

	(In thousands of yen) 1931	1935
Rifles and sabres	1,227	1,431
Pistols	85	279
Machine-guns	1,591	5,945
Mortars	449	963
Cannons "Kane"—...	318	1,075
Anti-air-craft-guns	1,850	2,609
Artillery equipment	3,062	13,387
Smokeless powder	908	1,824
Cartridge powder	3,407	10,208
Powder for bombs	6,728	48,378
Airplanes	612	3,014
Armored cars	797	2,220

These figures show that in 1935 the government arsenal increased its arms manufactures more than 2½ times. More than a hundred big private works got enormous orders from the War and Navy Ministries. This list includes manufactures of steel, iron, automobiles, arms, airplanes, war-chemistry, uniforms, leather fabrics, electrical equipment, gun-powder, shipbuilding, etc.

In this list, according to the author, are not included thousands of other small firms also executing war orders.

These firms, hounded by the war industry, are working intensively day and night. In spite of the "great efficiency" of labor, firms are forced to increase their staffs in order to execute the orders in time. For example:

The naval arsenal had in 1932, 37,842 men, in 1934, 63,270 men;
Gun powder works had in 1932, 880 men, in 1934, 1,256 men;
Arms Arsenal had in 1932, 12,702 men, in 1934, 21.006 men.

In proportion with the increase of orders grow the profits of war-industrialists. According to Nosaburo war enterprises gave 18% and more profit in 1934 as compared with 7.8% in 1932. Some large enterprises have had in 1935 25-30% and even 32% profit.

Pointing out the unusual growth of the war-industry and militarization of state-economy, he expresses great fear for the "near future."

The logical chain of reasoning is as follows: The great growth of the war industry brings nearer the threat of war because its growth has already reached such limits that retreat is impossible. The capitalists "choking in a rain of gold" instigate adventurous military circles toward provocation of war. But, if there should be no war, the crisis resulting from the failure of military inflation would destroy the whole production; in other words, it would mean the collapse of the economic, social and political stability of Japan.

Koreans in Shanghai Arrested By S. M. P. on Request of Japanese

Reports were released by the Japanese authorities end of last week concerning the arrest of various Koreans who were allegedly members of a certain terrorist organization, called "Blood Group." Two members of the organization, Chang Fu-min and Liu Ying-sin, both of whom are Koreans, were arrested on February 22, because of a raid on the residence of a certain Chang Tou-ti, on Bubbling Well Road. Chang and his wife, a Japanese woman, resisted the action of the Koreans. Upon receipt of the information concerning the raid, (the Shanghai *Mainichi* says) the Shanghai Municipal Police Station immediately sent police officers to the scene to effect arrest. As a result, the Koreans were arrested and transferred to the Japanese Consulate-General. *The Mainichi* recalls that the alleged Korean anarchists organized the "South China Korean Youth League" under the leadership of the "Black Terror Group" which was organized in 1932. The terrorist organization allegedly attempted to assassinate Mr. Ariyoshi, the former Japanese Minister to China, in 1933.

Four Koreans, said by the Japanese Consular Police to be anarchists and charged with alleged crimes ranging from intimidation to murder, were arrested in Nantao last week with the co-operation of the Chinese authorities. They were questioned at the Bureau of Public Safety before being handed over to the Japanese fulice. Several arrests were also made in the French Concession.

Twenty-Four Korean Children to Be Received in Local Japanese School

Twenty-four children of Korean descent will be admitted to the first-grade class of the Japanese Central District Primary School on Range Road in Shanghai next month, when the academic year begins, under a tentative agreement concluded been the heads of the Japanese and Korean Residents' Corporations in Shanghai. The pupils will receive an extra hour's instruction at the school, besides special night classes at the Korean Residents' Corporation's offices. As a condition of the arrangement, the *Shanghai Mainichi* states that Masusaburo Amano, head of the Japanese Residents' Corporation, secured the promise of Konei Li, head of the Chosenese troup, that all future candidates for admission would be graduates of the Yosei Kindergarten maintained by the Korean organization. At present the North and the Central District Japanese Primary provide education for about 20 Korean children.

New Kwangsi Provincial Commissioner Urges Economic Reconstruction

Exploitation of mines, promotion of agriculture and development of light industries form the nucleus of the three-point program for economic reconstruction in Kwangsi as announced last week by Wei Yun-sung, new provincial commissioner of reconstruction. The principal mines in Kwangsi, according to Mr. Wei, are those of tin, tungsten, gold, coal and manganese. Hitherto the government has tried to encourage the people to work them, but in order to speed up the exploitation the government will, hereafter, also invest large sums of money in the mining industry.

With regard to the promotion of agriculture Mr. Wei suggests that special attention be given to water conservancy, reclamation and transportation. Mr. Wei recalls that General Chen Chi-tang, Kwangtung military leader, once mentioned to him that of Kwangtung's total unfavorable trade balance of $60,000,000, resulting from the import of foodstuffs, Kwangsi occupies only about $6,000,000, or 10 per cent only, while Annam, Siam and other foreign countries occupy the remaining 90 per cent. Taking advantage of her vast tracts of waste lands Kwangsi should, Mr. Wei emphasized, develop her agriculture so as to check the enormous import of agricultural products.

Pointing out the importance of industrializing the country, Mr Wei says that according to statistics released by the League of Nations, a nation with a 55 per cent farming population is usually weak and industrially backward, while one with a smaller agricultural population percentage is usually strong and prosperous.

Industrialization of Kwangsi as a preliminary step toward the industrialization of the whole country should, therefore, be effected without delay, Mr. Wei urged.

Chinese Students in Shanghai Stage Huge Demonstration

Starting from the Chinese Y.M.C.A. premises in Szechuen road, where a meeting was being held in celebration of International Women's Day, a crowd of several thousand students, the greater proportion young women, from local colleges and middle schools, staged a march out Nanking Road on Sunday afternoon (March 8) shouting slogans, and littering the streets with pamphlets of various hues, denouncing all foreign encroachments on Chinese rights, and particularly the encroachments committed by Japan. The procession was of sufficient size to interrupt traffic on Nanking Road for about five minutes. The general attitude of the International Settlement Police was one of tolerance, several foreign sergeants and a number of Chinese police accompanying the procession, carrying long batons. The main procession was joined by other groups at various points, the enlarged force of paraders continuing their march via Hupeh, Canton and Fokien roads.

When the procession came to Avenue Edward VII, a number of French and Chinese policemen approached them and attempted to deprive them of the banners held in their hands. The students refused to listen and marched forcibly on. Unable to hold the students at bay, reinforcements were later called to the scene from French police headquarters, and a squad of about 60 men came on the scene, when the paraders, with the original group of French and Chinese policemen attempting in vain to stop them, turned to Min Kuo Road.

A serious clash ensued on Min Kuo Road. Eight of the students were injured by police batons—two seriously. One was arrested. The students finally had to scatter but they gathered together again as they came to ChungHwa Road and marched onward along various Nantao thoroughfares, shouting slogans as they went along. They were, however, finally dispersed by Chinese policemen on Wen Miao Road, near the Confucius' Temple, West Gate.

Japanese Protest Against Anti-Japanese Activities

A strong protest was lodged by the Japanese Consul-General in Shanghai, March 4, with the City Government of Greater Shanghai against the increasing anti-Japanese activities in the city. The Japanese authorities demanded that all varities of anti-Japanese activities must be discontinued immediately.

The *Mainichi* commented:—"If the Chinese authorities could comply with the Japanese demans for the complete suspension of the publication of anti-Japanese periodicals and books, then such kinds of literature would not appear on the market. However, the Chinese Government has been so far indifferent to this demand. It is reported, furthermore, that the title of one of the anti-Japanese periodicals was written by one of the high officials of the City Government of Greater Shanghai. It is true the publication of such a paper must be sanctioned by the authorities."

In an editorial captioned "The Recent Anti-Japanese Activities in Shanghai," the *Shanghai Mainichi* stated that despite the strong protest lodged by the Japanese Consul-General the Chinese authorities here are still indifferent to the fact that anti-Japanese leaflets have been distributed by the "Iron and Blood Group."

Twenty-two Students of Shantung University Arrested

Following the strike of students at Shantung University. twenty-two students were arrested by the police Mar. 7 The university authorities dismissed thirteen students and announced that classes would be resumed the following day.

Several of the students arrested at Peiping in the raids last week against whom there "was conclusive evidence", to quote a *Kuo Min* message, were handed over to the Pacification Headquarters for Hopei and Charhar for trial in accordance with military law. Three professors were examined by the police regarding their alleged participation in subversive activities.

Gen Sung Cheh-yuan, Chairman of the Hopei and Chahar Political Council, called an important meeting of various university presidents and other educational authorities at Peiping, March 8 to discuss measures for the prevention of future student disturbances in Peiping. The results of the meeting were not divulged.

Replying to the petition of Dr. Mei Yi-chi, President of the National Tsinghua University, who, assuming personal responsibility for the recent clash between the students and the police, asked that he be punished, the Ministry of Education stated that such punishment is unnecessary. President Mei was instructed to maintain strict discipline among the students and to guide them in the right direction. The majority of the arrested students have in the meantime been released.

A statement was issued by students of the Northeastern University in Peiping Feb. 28 expressing their opposition against the removal of the University to Sian.

Tsinghua University to Be Moved to Changsha

As a result of the visit of Dr. Mei Yi-chi, President of the Tsinghua University and ten other professors of the university, to Changsha, capital of Hunan, plans have been completed for the opening of a branch school of the Tsinghua University in Changsha.

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M. T. Mag 3-36

HOW LIEUT. AOSHIMA AND HIS WIFE COMMITTED HARAKIRI IN THE ANCIENT MANNER

(Translation from the Hochi Shimbun, Tokyo, March 2)

Although it was reported that Lieutenant Kenkichi Aoshima's suicide was the result of nervous prostration from studying too hard, his posthumous letter addressed to Seiichi Aoshima, his elder brother, revealed the motive to have been a desire to set an example to the rebel officers as to how a soldier should die when it was time to die.

Mrs. Kimiko Aoshima, his wife, dressed in white, was found dead in the same room with her husband. She had drawn the lieutenant's sword across a carotid artery and killed herself to accompany her husband in death. It was a death worthy of a warrior's wife, and the incident added a tragic note to the historic event of the last few days.

Lieutenant Aoshima, of the transport battalion of the Imperial Bodyguard Division, hailed from the village of Takasu, Shida-gun, Shizuoka Prefecture. He graduated from the Military Academy with honors receiving a silver watch for proficiency and was preparing for the entrance examination to the Military College. He was deeply interested in the future of the nation and with the outbreak of the rebellion was assigned to patrol duty at the head of the automobile company of his regiment.

He worked day and night to assure the metropolis of adequate protection. Martial law was proclaimed. Lieutenant-General Kohei Kashii, Martial Law Commander, reiterated his fatherly advice to the rebel officers. But the situation grew worse.

Before he criticized the rebels' action, there arose in Lieutenant Aoshima's mind the deep conviction that if they were real soldiers, they should take matters into their own hands and die. He thought that in order to convey his conviction to them there was no other way than to set them an example.

The Lieutenant arrived home late on the night of Feb. 28, determined that night to carry out his purpose. He told his wife of his design and she expressed her willingness to accompany him.

The couple purified themselves with cold water, set the house in order and placed new flowers in the vase on the dais. Mrs. Aoshima changed into habutai silk of pure white, the Lieutenant dressed in ceremonial uniform.

Both wrote letters addressed to their parents and relatives. In the inner reception room of the house, cushions were laid out to prevent blood from spreading, and the two sat, facing each other. The Lieutenant took his Army sword, cut his abdomen crosswise at one stroke, then cut his throat twice and collapsed in a pool of blood. Mrs. Aoshima, perfectly composed, severed a carotid artery with her husband's long sword and followed him beyond the grave.

The posthumous letter addressed by Lieutenant Aoshima to his elder brother said in substance:

"I worked at the forefront of the metropolitan guards at the head of the automobile company of my regiment in order to put down the rebellion. Martial law was proclaimed and Lieutenant-General Kashii repeated his fatherly advice to the rebels but the insurgents showed no sign of bringing the matter to an end by dying honorably by this own hands. I think such an attitude is unjustifiable in a soldier. Having committed actions of such momentous gravity, what excuse have they for not settling the affair themselves by killing themselves? In order to set them an example to show them how a warrior should die, I now draw my sword."

Mrs. Aoshima's posthumous letter addressed to her parents and others said:

"I thank you many times for the kindnesses you have shown me for so long. The day has now come when I must act as a soldier's wife should. I am filled with regret that I should cause you sorrow but please forgive me. Please take care of your health.

KIMIKO.

February 28, 1936.

Japan's Trade for First Ten Days of March Results in Unfavorable Balance

Japan's foreign trade in the first ten days of March totalled Yen 148,908,000, of which exports accounted for Y.61,363,000 and imports for Y.87,545,000, the Tokyo Finance Ministry announced Mar. 10. The unfavorable balance for the month amounted to Y.26,182,000, while the total since the first of the year reached Y.171,667,000.

Cotton textiles led the list of exports, with Y.11,883,000, followed by raw silk, valued at Y.7,663,000.

The Finance Ministry also revealed that Nippon's foreign trade during February totalled Y.201,000,000, with the unfavorable balance reaching Y.65,000,000. Notable features of the month's trade, the Treasury's report said, were large decreases in the exports of cotton and silk textiles and in the imports of raw cotton and iron. Large gains were made by the imports of wool

Nippon's trade with China during January resulted in an unfavorable balance of Yen 4,000,000, as compared with a favorable balance of Yen 200,000 in the corresponding month of last year. Japanese exports to China for the month totalled Yen 10,000,000. The trade with Manchukuo during January totalled Yen 30,000,0000 with a favorable balance of Yen 6,000,000.

Yamaguchi Girls' School to Drop English Courses

English will disappear from the curriculum of 22 official and private girls' high schools in Yamaguchi Prefecture beginning in April, when the academic year opens, March 7, under a decision reached by authorities of said prefecture last week.

German Naval Officers Decorated by Japanese Emperor

Capt. L. Siemens, commander of the German training-cruiser and his chief of staff Lieut.-Commander K. Regge, were, respectively, awarded the Fourth Class order of the Rising Sun and the Fourth Class order of the Sacred Treasure by Emperor Hirohito March 7. The decorations were transmitted to the officers of the warship, which was visiting Kobe at the time, through Admiral Mineo Osumi, Minister of the Navy.

Tokyo Banks Start Buying Bonds

The *Tokyo Asahi* of March 4 stated that with the moderation of the efforts on the part of banks to keep reserves at hand and due to the return of local funds, the loans and note issue of the Bank of Japan have shown a sudden decrease. Accounts on March 3 showed a reduction of about Yen 120,000,000 to Yen 130,000,000 in loans accommodated to a level below the Yen 1,000,000,000 mark. The note issue showed a decrease of about Yen 100,000,000. It was expected that shortly the amount of issue in excess will disappear.

According to reports reaching the Tokyo Finance Ministry, up to March 3, from financial commissioners abroad, Japan's credit on overseas markets, has escaped any severe blow from the recent disturbance is in the Japanese capital.

Army Changes Are Duly Gazetted in Tokyo

The Tokyo War Office Mar. 7 gazetted the regular Army promotions and transfers, involving 1,700 officers. The list contained 15 changes in comparison with the slate informally announced last month. These changes affected five lieutenant-generals and ten Major-generals. Of the 1,700 officers, 600 received promotions.

Textile Magnate Dies in Tokyo

Dr. Matsuichiro Takayanagi, managing director of the Japan Federation of Cotton Spinners' Associations, died in Tokyo Mar. 10 after a month's illness.

Japanese Economic Mission to Visit Siam

Nippon's economic mission to Siam, headed by Yunosuke Yasukawa, is scheduled to leave Tokyo for Moji, en route to Bangkok, on March 14.

Officials in Chinghai and Kansu Found Guilty of Malpractices

The Central Yuan last week was informed in a telegram from Kokonor that Feng Kuo-jui, formerly Chief Secretary of the Chinghai (Kokonor) Provincial Government, was found guilty of extortion. Chiu Chen, formerly Director of the Political Training Department of the 6th Division stationed in Kansu, was found guilty of committing violence against and causing the death of a woman of good family.

Death Penalty For Drug Addicts?

The Peiping authorities last week revised the special regulations governing the punishment of drug dealers and addicts so that the death penalty will also be inflicted on addicts, whether they are first offenders or confirmed addicts. Formerly the extreme penalty was imposed only on drug manufacturers and dealers. The authorities also issued a proclamation to the effect that those who run gambling establishments are liable to imprisonment for life. Gambling in one's home for amusement is not forbidden.

Telegraph Bureau Plans to Take Over Foreign Owned Radio Stations

Reviewing the latest steps taken by the Ministry of Communications in developing the wireless net-work in China, a spokesman declared at Nanking, March 5 during a press interview that over 70,000 radio receiving sets have so far been registered with the Bureau of International Telegraphs at Shanghai up-to-date. During the last two years, the Ministry of Communications have built two powerful broadcasting stations in Shanghai and Peiping. A third one is now under installation at Chungking and will be completed very soon. Steps are being taken, the spokesman continued, for the taking over of foreign-owned stations operating in foreign concessions in the Treaty Ports.

THE GIST OF JAPANESE PRESS OPINION

The Feb. 26 Case must be considered infinitely more seriously than the May 15 Case. The incident is to be really deplored, and the whole Japanese nation, officials and people, must mobilize capacities for normalization of the situation. The people's composure is the surest guarantee for success in that attempt.—*Tokyo Jiji.*

We are truly thankful to the proper authorities for the well maintained order in the Capital notwithstanding the recent serious incident. The real maintenance of order, however, must be sought through the eradication of the very roots of all social evils that are liable to cause such untoward outbursts.—*Tokyo Miyako.*

Whether the Nanking Conference, as proposed by China, will be realized or not, the necessity remains for readjustment of Sino-Japanese relations, Herein lies the very mission of the newly sent Japanese Ambassador to China. He must convince the Chinese as to the peaceful nature of Japan's policy. —*Tokyo Chugai.*

The France-Soviet Pact which is likely to be ratified early next month is declared by the French Foreign Secretary as intended for the control of their European problems. Its great effect on the Far Eastern situation, however, cannot be denied. This point, we hope, will receive French consideration.—*Tokyo Nichi Nichi.*

The London Disarmament Conference is now likely to end in a failure. The deadlock is solely due to utter disregard of the spirit of disarmament by the participating naval Powers. Japan must now be fully prepared for the possible advent of the age of armament competition among the Powers.—*Tokyo Kokumin.*

It is very regrettable that the complicated Soviet-Japanese relations are now rendered all the more complicated because of the Manchu-Mongolian troubles. The Soviets now propose appointment of a delimitation committee. Before its acceptance Japan must be sure of the Soviet-Outer Mongolian relations.—*Osaka Asahi.*

Government Department of Territories Provided for in U.S. Senate Bill

Ernest W. Gibson, Republican of Vermont, introduced in the Senate last week a resolution providing for the establishment of the new Government Department of Territories and Insular Possessions, to be headed by a Cabinet member. Plans were simultaneously announced for a national "territorial" broadcast, in which the various Resident Commissioners of the territories and possessions in Washington would take part. The broadcast would be designed to arouse national interest in territorial affairs. On account of the indeterminate status of the Philippines, preceding independence, some doubt been expressed as to the handling of Island affairs by the proposed new department. However, with all uncertainty removed by the law granting actual independence to the Philippines in 1946, it is understood that Philippine affairs until that date will be taken care of by the new department. The affairs of Hawaii, Alaska, Puerto Rico, Guam, Midway Island and the Virgin Islands will also be handled by the new unit. The only area outside the continental United States under the American flag which will be excluded from the proposed department would be the Panama Canal Zone.

American Bankruptcy Act Applicable to Political Sub-Divisions, U.S. Circuit Court Holds

Application of the Federal Bankruptcy Act to political subdivisions as well as to private corporations was upheld in Kansas City, Mo., Mar. 3 by the U.S. Circuit Court of Appeals. The Act, the Court ruled, gave states, cities, counties, school and water districts and other sub-divisions the right to readjust their bonded indebtedness with the advice and counsel of the Federal Courts. The decision reversed a ruling of the United States District Court.

Investment Activity Is Doubled in U.S.

Buying of securities for investment purposes at the present time is twice as high as that prevailing before the depression, in proportion to the total business done on the New York Stock Exchange, declared Charles R. Gay, president of the Exchange, in an address in Memphis, Mar. 3.

Dun & Bradstreet Head Sees 1936 as One of the Best Years

The American Silk and Rayon Journal for February stated that information had been given by no less an authority than Arthur D. Whiteskide, president of Dun and Bradstreet, Inc., that unless Congress goes completely haywire, the United States is slated for a decided improvement in business and 1936 will be one of the best years in history. He added that there is no inflation in sight for the nation, that business is better, with industry set to go.

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Our Neighbor's "Mass Funeral"

BY T. S. YOUNG

OUR eastern neighbor, the Frawd family, has recently held a mass funeral. I use the word "mass" not without reasons, because the funeral was held to mourn the death of three leading members of the family. They died almost simultaneously, not of natural death, but through the fatal wounds inflicted by the hands of a few of their young members. The curious aspect of this tragic episode is the fact that this dead trio were all grand old men, one of whom was even as old as eighty-two years. It is a pity that these old men, who, even if permitted to live, would have not had many years to their credit, should have met so sudden and tragic an end that they had not even time to say a word of prayer before their death.

This tragedy would have assumed an even more tragic aspect, but for the fact that a few of the leading members had got wind of the impending trouble and saved their lives by seeking refuge in some havens. One of them, whose life was much sought after by the young murderers, managed to make a very narrow escape by posing as a corpse. These young murderers, we have been told, had long laid out their plot, and had even prepared a "death list" containing all the names of the so-called "elder statesmen." Besides, this plot was said to be strongly backed up by a few aggressive members of the family, who were not satisfied with the state of affairs as conducted by the "elder statesmen". They issued the following proclamation to justify their dastardly deed :—

Proclamation Denounces Elder Statesmen

"Down with 'elder statesmen'! They are responsible for al evils of our glorious family. They are the relics of past generations, the symbols of our conservatism and the signs of our backwardness. They should long be sent either to an Aged People's Home or to the Museum where antiquated articles are being displayed. Can you find any other family where the old men have wielded such an influence over family affairs? So long as they remain influential, we can not formulate a strong policy toward our neighbors, and it follows that we can not carry out the mission which Providence has entrusted with us. It is, therefore, high time for us to remove these dotages from their high places and reorganize our family, before we can pursue the course which will lead our family to greatness and glory. In the name of 'patriotism', we find it both necessary and appropriate the send these dotages to the place to which they have long belonged, so that they can enjoy real rest and peace, while we can pursue our dreams without interference. Besides, they have long outlived their age, and besides a few years' difference in their ages will not cause them any regret and inconvenience."

Frequent Murders in the Family

As their next door neighbor, we are not at all surprised at reading such an extraordinary proclamation. Murder of such a nature, as a matter of fact, has frequently occurred in the Frawd family. Hardly has a year passed by without some one of its leading members being murdered. In the name of "patriotism," the young members can commit the most horrible deeds with impunity. They have virtually taken the law into their own hands, and would impose "punishment" on any one who should oppose to their policy. This laxity of law has made them so bold that "elder statesmen" have been literally living at their mercy. In spite of this lawlessness, they have had the nerve to call us frequently in public "a disorganized family." While it is admitted that our family is an old and deteriorated one, we, however, can still enforce our laws without such wholesale murders as have frequently occurred in the so-called "organized family."

The Frawd family is a parvenu. Forty years ago its name did not even appear in the telephone directory. The house which the family occupied was so small that it was frequently referred to as a hut. They made their living partly by fishing and partly by pillaging. Although they have now discarded their fisherman's dresses, they have not yet given up their habit of robbing. Since the beginning of this century, the Frawds have gradually climbed up the social ladder, and extended and enlarged their humble dwelling by forcibly annexing some pieces of our property. With the increase in the size of their house and in the number of their members, they have claimed to be one of the leading families. But those who are informed of their humble beginning and their dubious wealth, have always looked upon their social aspirations with disgust and contempt.

The Rise of Snobbery

The Frawds are said to be the descendants of our forefathers. But in spite of this distant relationship, we have never liked them both because of their overbearing manner and because of their aggressive attitude toward us. When a person suddenly becomes rich, he is liable to become snobbish and forgets his humble origin. And so the Frawds have looked down upon us because of our weakness and poverty. Besides, they have cast covetous eyes upon our big propetry, and have invented numerous pretences to increase their holdings at our expenses. They have frequently contended that their house is too small to accommodate the increasing number of their members, and that we, the owner of larger property, should give them some pieces.

A Mask of Friendliness

In recent years, they have become even more aggressive than ever before. Apart from forcibly occupying one big piece of our property, they have even gone so far as to meddle with our family affairs. They have dictated to our ruling members that we should not borrow money from other neighbors without their concurrence, that our boys should receive such education as they deem proper, and that our girls should be married to such men as are approved by them. Gradually, it transpires that we can not make any improvements on our property at our own free will. even Should we erect a new fence in our garden without their consent, they would consider this erection as an act of provocation, and press for its immediate demolition under duress. Year in and year out, we have not a day of peace, and are constantly living in a state of suspense.

Sometimes, they would wear a mask of friendliness and approach us with many friendly gestures and words. On these occasions, they would say that in consideration of our geographical proximity and our distant relationship, we should be good friends and cooperate with each other in furthering our mutual interests. But right after making these remarks, they would immediately charge us with lack of sincerity, and request us to give them some proof of our friendship. It is evident that our sincerity would not be considered genuine and our proof of friendship would not be deemed sufficient, unless we can present them every inch of our property as a gift.

One would ask how can we tolerate such humilitions and shames? There are many reasons to account for our tolerance; first, every member of the Frawd family carries a gun, while we are not equipped with any arms, although our number is several times larger than theirs. Secondly, members of our family, because of their personal prejudices and jealousies, can not unite together to formulate and pursue a single and definite policy. And thirdly, a few of our members with their traditional love of peace would make as much sacrifice as permitted by the circumstance, so long as peace can be preserved.

The Discontented Younger Members

As their next door neighbor, we can not help watching the recent tragedy of the Frawd family with great concern, As a matter of courtesy, we have sent our condolences to the Frawds, but we really have more reasons to condole over our own sad fate. It is an open secret that the young members of the Frawds have vented their wrath upon their "elder statesmen" not so much because they are the cause of all evils as because they have held too tightly the family purse strings. For some years, these young members have been clamoring for more money to buy arms, so that they can carry, instead of one gun, two guns in their pockets. They do not care how heavy the family budget, has already become, nor do they worry over the bankrupt state of their family finance. What they want is more guns for themselves.

What do they want to carry two guns for? For self-defence, one gun is quite sufficient. True, in these days, robbery is prevalent, and public police proves far from being efficient. But who would be so foolish as to break into a house, inmates of which are known to be armed to the teeth? Besides, no robber would have the temerity to rob a person who is reputed to be the "robber of robbers." With their past history in view, we have reasons to believe that if provided with new arms, they will certainly commit the most daring robbery ever recorded in the history.

Desregard Property Rights of Others

Many of the young Frawds have harbored evil designs against us. They have totally disregarded our property right, and with guns in their hands, have run wild over outer gardens. They have already caused a great alarm to the public and a perpetual disturbance in our neighborhood. Should they be provided with more guns, their aggressivenss can be easily imagined. It is feared that before long they may totally evict us from our big house and change the name of our family to that of Frawds.

In face of this eventuality, many members of our family are now shuddering with fearful thoughts and expectations. Even members of other families located at a distance have also looked upon the trouble in the Frawd family with worry, because should the young Frawds ascend to power, no one will be able to have sound sleep at nights. They young Frawds may fail to carry out their coup this time, but who can tell that they will not be successful the next time? The young members of our family are restless and crying for preparations, but the sound of these cries seems to be too faint to reach the ears of our ruling members.

Shanghai Mar. 7, 1936

Japanese to Build New Cotton Mill in Tientsin

The Japanese textile interests of Osaka and Tokyo have decided to build new cotton mills in Tientsin. According to Japanese circles, construction of a new Japanese cotton mill to be known as the Yu Foong Cotton Mill will be started in Tientsin in the near future. The new factory will have a total of 100,000 spindles and 2,000 weaving machines. The first part of the factory, containing 50,000 spindles will be ready next spring and it is expected that the new factory will produce yarn in the early part of March, 1937. Japanese engineers and textile experts are directing the construction work of the new mill in Tientsin.

The cotton spinning and weaving industry, however, fared badly in 1935, the worst in the last 10 years. Of the 92 cotton mills established by Chinese capital, 24 have been closed down, while 14 have adopted retrenchment measures. As a result, the number of spindles now in operation in China has dropped to 4,809,559, against 6,154,545 in 1934.

In the last year, the total output of cotton yarn in China reached 4,095,645 bales. Of the amount, 3,289,504 bales were coarse yarn, while the remaining 71,529 bales were fine yarn. Those produced by the Chinese mills occupied 68.8 per cent, that produced by the Japanese mills in China, 30.2 per cent, and that produced by the British mills in China, 1 per cent.

In contrast with the cotton spinning and weaving industry, the silk industry enjoyed a boom year in 1935. Registering a production increase of 30 per cent as compared with that of 1934, the total quantity of silk produced in Kiangsu and Chekiang amounted to 60,000 catties in the year under review.

Loan Dispute of Nanchang-Kiukiang Railway Settled

A Nanchang message to the *China Times* states that the dispute concerning the repayment of the Japanese loan of the Nanchang-Kiukiang Railway has been settled. The Ministry of Railways and the Nanchang-Kiukiang Railway Administration, it is stated, will take full responsibility for the gradual return of the loan to the Japanese.

New Steel Bridge to Be Built Across Yellow River

A Taiyuan Message Feb. 25 stated that a huge steel bridge will be built across the Yellow River to connect the Tungkwan Station of the Lung-Hai Railway, in eastern Shensi, with the Puchow Station of the Tatung-Puchow Railway, in southwestern Shansi, so as to facilitate through transportation between the two lines.

Gold Mine at Malanyu Compelled to Close Down

A Chinese gold mine near Malanyu, which started operations last September was compelled to step by "certain people" according to a Tientsin message in the *Shun Pao* of Mar. 3. As a result of this action, more that one thousand workers have been thrown out of employment.

Chekiang's Wood Oil Trade Thrives as Result of Improved Refining Methods

The *Central News'* correspondent at Chuchow, West Chekiang, reports that largely due to the introduction of improved refining methods and the extensive establishment of marketing co-operatives by the Chekiang department of reconstruction, the output of tung oil in that province has increased by leaps and bounds in recent months. Once trailing behind the four leading wood-oil producing provinces in China, Szechwan, Hunan, Yunnan and Kweichow, and boasting an annual output of only 150,000 piculs, the figure has now jumped to 200,000 piculs, a recent survey shows. A phonomenal increase has also been noted in Chekiang's wood oil market abroad. Owing to the continued demand for tung oil by foreign importers, the market price, during the last two months, has risen to $51 a picul. (133 lbs.)

Survey Of Hunan-Kweichow Railway Line by Airplane Is Ordered

In an attempt to speed the construction work of the projected Hunan-Kweichow Railway, the Ministry of Railways has ordered Hou Chia-yuan, Director of the Hunan-Kweichow Railway Construction Bureau to start immediately the survey of the line by airplanes.

Surveys were started Mar. 9 for the extension of the Kiaochow-Tsinan Railway from Tsinan, provincial capital of Shantung, to Liaocheng, in western Shantung.

Work on Szechwan Railway to Start This Year

Work on the Chengtu-Chungking Railway, which will be the first railway in Szechwan, will be started sometime this year and will be completed in two years, Chungking communications circles announced March 9.

Japanese Tires Dominate the North China Market

The market for rubber tires in the region north of the Yangtsze River, has been monopolized by Japanese commodities, according to the *Shanghai Mainichi*.

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Kleffel Gets Six Months Sentence--Free Pending Appeal

A sentence of six months imprisonment was imposed on Julius Kleffel, German citizen, former general manager of the defunct American-Oriental Bank, by Judge Chien Hung-nyich in the First Special District Court in Shanghai, March 10, following conviction of the charge under Art. 342 of breach of confidence in connection with a deposit made in the bank by Henry Young, a Chinese merchant, of the sum of $20,000. The judgment included a fine of $1,000 and an order that $20,000 was to be refunded to Mr. Young. Kleffel's counsel, Dr. A. Grossman, announced an appeal against both the criminal conviction and the civil judgment. Kleffel meanwhile remains at liberty under the original bail of $20,000.

Kleffel was not present in court at the time that sentence was pronounced, but was waiting in his motor car parked on Tsepoo Road, just outside the court compound, waiting to hear his fate. Kleffel is the third officer of the defunct Raven organizations to be tried and sentenced.

The prosecution of commenced more than eight months after the failure of the bank. A testimonial given to Kleffel by Frank L. Hough, liquidator of the Raven companies, on Nov. 24, last, stated that Mr. Kleffel had carried out his duties as bank manager properly and that he was in no way indebted to the bank. During the trial Robert T. Bryan, Municipal Advocate, called Kleffel a "crooked banker" and attacked Mr. Hough for allegedly shielding Kleffel.

The complaint against Kleffel was signed by Henry Young, a Chinese who claimed to have lost $20,000 and M. M. Epport, a Russian who alleged the loss of $12,000. Mr. Hough's signature was also on the complaint. He stated that he had signed it upon the request of the U.S. District Attorney, Felthan Watson, and Mr. Bryan, the Municipal Advocate, being told that they wished to thoroughly investigate the affairs of the bank.

Mr. Kleffel was charged under Articles 336, 339 and 342 of the Chinese Criminal Code with misappropriation, fraud and breach of confidence. It was alleged by the prosecution that under his instructions the two deposits amounting to $32,000 were taken from the safekeeping account and placed in deposit on call account. The two chief witnesses for the prosecution, Dick Huang, the compradore of the defunct bank, and S. E. Tsu, the head of the safekeeping department, alleged that Kleffel knew about the two transactions. The accused denied this, maintaining that it was impossible for him to keep track of hundreds of transactions that had passed through the bank daily. He placed the blame for the diversion of the two accounts from safekeeping to deposit on call account on the compradore and the head of the safekeeping department.

Missions Lost $4,000,000 in Raven Crash; Additional $1,200,000 Doubtful

An article dealing with the crash of the so-called Raven interests, published in the March *Chinese Recorder*, stated that missionaries and missions were involved to the extent of approximately $4,000,000 Chinese currency. More than half the losses were experienced by missionaries attached to two missions, stated the article, which, however, did not give the names of the missions. It stated further that of the $1,800,000 worth of loan certificates issued by Asia Realty Company, about 60 percent, or $1,200,000 are held by missions or missionaries. No interest or payments on principal are being made by the realty company, stated the report.

With reference to the trial of Frank J. Raven and John Warner Brown, who received sentences of five and two years years respectively, the article in the *Recorder* commented, "The community which is well acquainted with both defendants—a specially disturbing feature of the trial—feels that the trial was judged and decided fairly."

A statement in the article that Dr. George Sellett "came to China especially to prosecute the case," was not correct as Dr. Sellett has resided in Shanghai for several years. After serving as District Attorney for several years he resigned to engage in private practice, but was appointed as Special District Attorney to prosecute the Raven cases. The present District Attorney is Felthan Watson.

Mrs. Frank Jay Raven in Letter to Shanghai Says She May Become Chautauqua Lecturer

Advices were received in Shanghai last week that Frank J. Raven, convicted on various charges in connection with the operations of the American Oriental Finance Corporation, had duly commenced serving his sentence at the Federal Penitentiary on McNeill's Island, state of Washington. Shortly afterwards a letter written by the wife of the convicted banker, at present in Heidelberg, Germany, was received by a friend in Shanghai. In this letter Mrs. Raven stated that she was practically penniless and in need of funds. Her eldest daughter, Ruth, had proceeded from Germany to New York in search of a position as a stenographer or secretary. She had traveled to America third class.

Mrs. Raven stated that she had received an offer to go to America to lecture on a Chautauqua circuit in the Eastern and Middle Western states and that she was seriously considering doing so. The remuneration offered, she stated, was U.S. $60 per week and traveling expenses. At the present time her two other daughters, Eleanor and Hortense, are with her at Heidelberg, Germany, attending school.

In order to raise funds to make the trip to the United States, Mrs. Raven said, it would be necessary for her to dispose of her return tickets to Shanghai, which were purchased before she and her daughters departed from Shanghai for Europe more than a year ago.

Frank L. Hough, Liquidator of Raven Concerns, Departs for U. S.

Among the passengers who sailed for the U. S. on the s.s. *Empress of Japan* March 9 was Frank L. Hough, liquidator of the defunct Raven financial houses, trustee of the Asia Realty Company, and managing director of the R.C.A.-Victor Company of China. He expects to be absent from Shanghai for about two months and, during his absence, the affairs of the Raven Group will be in the hands of Dr. George Sellett, former U.S. District Attorney. Mr. Hough told reporters that he was making the trip to take care of personal affairs in America. He said the trip had not been occasioned in any way by the liquidation of the Raven group. Mr. Hough added that he was going to his old home in Philadelphia and that most of the time he is in America will be spent in the Quaker City. He also declared that he was badly in need of a rest, having only recently recently recovered from an illness lasting more than two weeks.

Nanking Orders Finance Ministry to Stop Smuggling

The smuggling of goods into North China by the Japanese "ronin" and Koreans has reach a stage that it is doing great damage to British and American economic interests. The *Shun Pao* says a meeting was held by the American and British Consular officials in Tientsin last week, urging the Chinese authorities to take drastic actions to stop such practice.

According to the Customs authorities, this smuggling has caused no less than several milliion of dollars to the Chinese Government revenue. In an order to the Customs authorities, the Ministry of Finance March 4 instructed the former to strengthen the force for the inspection of smuggling. The military and political authorities in North China have been instructed also to assist the Customs authotities to check the smuggling.

Artificial Silk Smuggling Prevails in North

Smuggling of artificial silk by Koreans into Tientsin by way of the Peiping-Liaoning Railway is reported to be once more rampant. Commercial circles in Tientsin estimate that several hundred bales are being smuggled into the city daily. The railway and customs authorities are devising measures to cope with the situation.

Chinese Banker Advocates Establishment of Central Credit Information Bureau

Yang Yun-teh, manager of the stock department of the Shanghai Commercial and Savings Bank, in a petition to the Ministry of Industries, last week suggested the establishment of a Central Credit Information Bureau to facilitate the circulation of finances and strengthen the credit of real estate stocks.

Mr. Yang pointed out that aside from the lack of large capital, the dullness of the stock market, and subsequently the inefficient circulation of finances, is a principal cause for the backwardness of China's commerce and industries. Money is allowed to lie idle without being invested, owing to the lack of confidence of the public in Chinese commercial and industrial enterprises. This lack of confidence, Mr. Yang explained, is due to the ill-management, inadequate business methods, secrecy of accounts, etc. of the establishments.

The large investments, amounting to no less than $50,000,000, placed last year in the Shanghai Power Company, the Shanghai Telephone Company, the Shanghai Municipal Council, and the Chung Hoo Land Company, which have very high bond credits, in Mr. Yang's opinion, only show the availability of huge sums of idle money.

Unable to induce the public to invest money in their enterprises, the Chinese commercial and industrial circles are compelled to resort to the only alternative of raising loans from the banks and money dealers at high interest rates with their immovable property or commodities as security.

To remedy the situation, the credit of company bonds, Mr. Yang suggested, must be strengthened so as to facilitate a freer circulation of capital. This can only be done through a constant investigation into and publication of the business status of the different companies by a reliable credit information bureau.

Chinese Testing Bureau Orders Better Packing of Tea for Export

Following complaints received by the Government Testing Bureau of the Ministry of Industry from various British and American sources, the Bureau has decided to promulgate the following regulations for export tea chests:—

(1). A paper lining must be pasted on the inner side of the lead lining as is now already pasted on the outer side, in order to keep the tea intact from the lead.

(2). Twelve wooden sticks must be pegged, on the twelve edges inside the chest, as supporters.

(3). Descriptions must be given on the chest, such as the kind of tea, trade mark, number of chests of the whole lot, gross and net weights, crop season, name and address of the factory.

No tea shall be passed for export if the package is not made in accordance with the above provisions.

The American Tea Association of New York and Jardine, Matheson & Co. of London were among those who had made complaints concerning the bad packing of Chinese tea.

British Ambassador Addresses Legislative Yuan Committee at Nanking

At the invitation of the Foreign Relations Committee of the Legislative Yuan, at Nanking Sir Alexander Cadogan, British Ambassador to China, delivered an address on "The History of the British Diplomatic Machinery," before the Yuan Mar. 5. Dr. Sun Fo, President; Dr. Fu Ping-chang, Chairman of the Foreign Relations Committee, and Dr. John C. Wu, member of the Yuan, were among those present. The British envoy was the guest of honor of President Sun at a luncheon party in the latter's residence on the same date. In the course of his speech, Sir Alexander declared that in the old days, one of the qualifications of a British diplomat was his knowledge of British poetry. Before 1908, the British Foreign Office had practically no telephone and typewriter, as the Queen of Great Britain at that time did not like to read official typed documents. Under the British system, said the speaker, the Secretary of State is a politician, a party man, and must be a Member of Parliament, either elected to the House of Commons or a Member of the House of Lords. The Under Secretaries of State are of two kinds: the Parliamentary Under Secretary of State is, as his name implies, a politician like the Secretary of State himself, whom he assists in promoting or defending foreign policy in Parliament. The other Under Secretaries are permanent officials, members of the regular Civil Service, recruited by examination, with permanency of tenure and pensioned on retirement. The first British Secretary of State for Foreign Affairs was Charles James Fox, and Sheridan came with him as Under Secretary. The staff included in addition a Chief Clerk and 9 clerks.

Executive Yuan Approves New Press Law

The Executive Yuan at its regular meeting March 4 approved the drafted regulations governing press and publication. According to the draft, the regulations have a total of seven chapters including 57 clauses. (It may be pointed out that the law passed by the Legislative Yuan last July has seven chapters and 49 clauses). Of these regulations, chapter four and chapter six deal with the limitations of the press and punishments. According to Chapter 4: No publication can print the following news or stories: (1) Violation to the *San Min Chu I* or aiming to destroy Kuomintang principles, (2) damage to the National Government or injury to the interests of the Chinese Republic, (3) aiming to disturb public order, (4) military or political secrets, etc.

Violation of the regulations will be punished in accordance to the provisions of Chapter six, which calls for the imprisonment of not more than one year and a capital fine of not more than $1,000 of the publisher, editor, author, as well as printer, or heavier or lighter sentences according to the violation committed.

The proposed law provides that no newspaper or magazine may be detained by the local authorities *except with the approval of their superior authorities.*

The Legislative Yuan is expected to approve the new press law in the near future.

Chinese Court Gives Another Decision Against Morris Zimmerman

Another judgment against Morris Zimmerman in connection with the action brought against him by his wife, Mrs. Freda Zimmerman, was given by the 2nd Special District Court Mar. 6. In this judgment, Mr. Zimmerman is denied the right to manage or have anything to do with his wife's Route Pottier property. In his defense, Morris Zimmerman contended that he had the right to manage the property as Union Property by virtue of agreement with his wife when they were married. Judge Wu Hsao-lee decided that since the plaintiff and the defendant are now living apart, the defendant could not claim the property as union property.

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the gentle, natural way to relieve

CONSTIPATION

859

In the United States Court for China

In re. Estate of LEONARD BUCHANAN Deceased.	Cause No. 4030 Special Proceedings No. 1054 NOTICE Filed at Shanghai, China, February 25, 1936 William T. Collins, Clerk. by L. T. Kenake, Asst.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of LEONARD BUCHANAN, deceased, to present the same with vouchers to the undersigned on or before August 1st, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

JAMES B. DAVIES,
c/o Schuhl, Davies & N. E. Lurton,
330 Szechuen Road,
Shanghai.

Shanghai, China.

China Promotes Reforestation—Honors Dr. Sun

BY D. Y. LIN

THE whole nation will observe Memorial Forest Week, March 11 to 18. The week has been designated as such by the National Government in commemoration of the death of Dr. Sun Yat-sen on March 12, 1925.

The Scarcity Of Wood

No doubt the most important thing to be reminded of is the scarcity of wood in China today. This has been acutely felt and will be more so as time goes on. The rapid development in railroad, highways, mines and modern industrial establishments and the change from the one-story old-styled houses to the modern two or three-story buildings is daily increasing the demand for wood. Although a large portion of the present consumption is from domestic supply, this source of supply however is becoming more and more limited and the remaining forests are rapidly receding to inaccessible places.

During the last ten years China has been importing an average of more than 450,000,000 bd. ft. (valued at $40,000,000) of large construction timber alone from U. S. A., Japan, Russia, Canada and the Philippine Islands. The present importation is already more than double that of six or seven years ago and in view of the increasing building activity such demand for foreign timber will no doubt continue to increase. But can China permanently depend on foreign markets for her supply, especially when the world production of timber is fast diminishing and when all far-sighted nations are beginning to conserve their own forests and to regulate their 'cut' in anticipation of the coming 'wood famine'?

China has to-day about 7,570 miles of railroads and no doubt many more thousand miles will be added within the next few years. These 7,570 miles of railroads lie on not less than 14,000,000 sleepers, and require annually for renewals at least 3,000,000. Three million sleepers means approximately $10,000,000. Where has China been getting all her sleepers? Recent statistics show that 83% of her sleepesr have been imported from U.S.A. and Canada, 13% from Australia, Siam and Russia, and only a very small percent come from her local supply. China can not build a new railroad or maintain an old line without paying vast sums for imported sleepers. The same may be said of mine props, bridge timbers and telegraph poles.

The Problem of Unused Lands

Another important thing to be reminded of is the problem of vast areas of unused lands. There are two outstanding facts that impress themselves most forcibly on any stranger coming to China and they are, as the late Prof. Joseph Bailie put it:—(1) The multitudes of destitute poor, and (2) the immense tracts of unused lands, most of which are fit only for forestry. Are these fact related to each other as cause and effect? Or are both effects of a deeper cause? Perhaps both these questions can be answered in the affirmative.

China, according to a recent investigation, has about 40% of her land area that can be classified as yi lin ti (宜林地) or land suitable for forestry; but only a very small percent of this land is wooded. Such land is either too dry, too high, or too steep for the practice of agriculture but is quite suitable for forestry work. Through nelgect in forestry China has allowed these millions of acres of yi lin ti to lie bare and unused; and what a great shame! Much has been said recently by politicians and land experts about land utilization, how vast areas of undeveloped lands should be reclaimed and made productive, etc. No doubt this one problem of yi lin ti, which is principally the problem of forestry, should engage their attention more than anything else, inasmuch as it involves an area that is more than three times the total cultivated area which China has today for agriculture. If all this yi lin ti were developed and made to produce tree crops, think of the millions of destitute poor that could be employed for forestry work and for forest industries of all kinds!

The Physical Influence of Forests

The third point which ought to be remembered at this time is the physical effect of forests. This has long been recognized in all civilized countries. The creation of the socalled "Protection Forests" in the West is but the result of an effort put forth to conserve the physical effects of forests. Forests are Nature's covering of the earth, and if they are destroyed, the destruction will bear fruit in a train of calamities.

It has been said "prosperity and habitation are separated from poverty and desolation by forests." To just what extent this is true it is impossible to say. Our attention however has often been drawn to the change of physical and economic condition brought about in the course of many centuries, allegedly through deferestation, in Mesopotaima, Palestine, Asia Minor, Egypt and Greece. These countries were once the leading countries of human civilization, and people have asked whether it can be true that the destruction of forests has brought about national and economic decrepitude and whether it can be true that the influence of forests on soil, climate, rivers and streams, health and other physical conditions is so important as to make the conservation of forests a necessity in the life and prosperity of a nation. Evidently the answer to such questions must be a personal one.

A graphic description of the decadence of North China was contained in an article on "Man-Made Deserts" written a few months ago by Dr. W. C. Lowdermilk, vice-Director of U.S. Soil Conservation Service.

The author, among other things, said:—"The decadence of North China has often been attributed to adverse climatic changes. Conclusions from my own studies, reported elsewhere, inidcate that man-induced soil erosion and its consequences in increased run-off would account for such decadence without climatic change. I have frequently found, in North China, temple forests like green emeralds in an ugly setting of denuded mountains. These forests had been protected throughout the centuries from the ax and the plow, and the teeth and hoofs of sheep and goats. In their cool and refreshing shade, the trees were reproducing naturally within the present prevailing climate and rainfall. These forests as samples are evidence enough that the present climate would support such cover over similar regions. Thus loss of vegetation in North China is not due to increasing aridity; but increasing desiccation has followed the loss of soils, and resulting lack of conservation of moisture."

While we are observing this Memorial Forest Week, and perhaps planting a few trees to commemorate the occasion, let us bear in mind the tremendous forestry problem confronting the country today and the great need of solving the problem not only for the sake of developing her unused land and of providing the necessary wood for the population, but also for the sake of improving the physical condition of the country and of conserving the greatest of her resources, the land.

Nanking, March 7, 1936.

Alleged Naval Espionage Plot in Los Angeles

A grand jury in United States District Court in Los Angeles, Mar. 4, commenced an investigation of an alleged naval espionage plot. The jury questioned Henry Thomas Thompson, 27-year-old discharged sailor, who was recently imprisoned under a $20,000 bond on a charge of illegally wearing a United States naval uniform. Garbed as a naval officer, Thompson is said secretly to have visited numerous warships and to have displayed "curiosity regarding naval movements." An "Oriental," is still being sought by Federal agents in connection with the matter. Authorities say that papers had been stolen from several battleships prior to their departure for spring maneuvers during 1934.

Trans-Pacific Steamship Lines Raise First-Class Fares

Effective from April 1, minimum first-class passenger fares on vessels of the Dollar Steamship Lines, the Canadian Pacific Line, and the Nippon Yusen Kaisha between ports in the Far East and the U.S. West Coast will be raised on all the passenger-carrying liners of these companies. No increases in second-class, cabinclass, tourist-class, or third-class fares are now being contemplated. The minimum first class fares on the liners *President Hoover*, *President Coolidge*, and *Empress of Japan* (to Vancouver) will be increased by U.S. $10. New rate, Shanghai to San Francisco, $366. Minimum first-class fares on all other passenger-carrying vessels of these lines to San Francisco and Vancouver will be increased by only U.S. $5.00. There has been no indication that first class fares to Seattle will be increased.

America Surpasses Japan as Producer of Rayon

Business Week, a McGaw-Hill publication published in New York, in its issue of Feb. 1 published a chart showing the relative position of rayon production by the principal producing countries of the world. The chart shows that the United States is the leading producer, with Japan a close second, the former producing about 260,000,000 pounds and the latter just under 225,000,000 pounds. These figues contradict those issued by the Japan Rayon Producers Association showing Japan as the leading producer, which were published in *The Review* Jan. 8 last. Another part of the *Business Week* chart shows Japan as leading in the export of *cotton* cloth, with the United Kingdom second.

Japanese Emperor Sends A.D.C. to North China with "Imperial" Cigarettes and Wine

Lieut.-Gen. Tetsuzo Nakajima, aide-de-camp to Emperor Hirohito, proceeded to North China this week where he "is enquiring after the welfare of Japanese troops." The officer brought with him large quantities of cigarettes, with the Imperial crest, and sake from the Imperial cellars, for distribution among the officers and men.

Who's Who in China

蔡勁軍
Gen. Tsai Ching-chun

Gen. Tsai Ching-chun, police commissioner; born at Wanning, Kwangtung, 1892; was graduated from the Whampoa Military Academy; director of the general affairs department of the Provisional Headquarters of the President of the Military Affairs Commission at Nanchang; commissioner of Public Safety of Shanghai Municipality since 1935; address: Bureau of Public Safety, City Government, Shanghai Municipality.

蔡勁軍，廣東廣南人，現年四十四歲，黃埔軍官學校畢業，曾任南昌軍事委員會委員長行營總務處處長，一九三五年任上海市公安局局長，現任斯職，通信處，上海市政府公安局

Old Loans of C. M. S. N. Company to Be Readjusted

With the completion of the reorganization of its head office in Shanghai, the China Merchants Steam Navigation Co. is now directing its efforts toward the improvement of its various branches. Messrs. Tan Po-ying and Lo Mien, assistant managers of the only Government-owned shipping concern in China, have left to supervise the examination of the staffs of the branch offices in Wenchow, Foochow, Swatow, Amoy, Chinkiang, Wuhu, Hankow, Ichang, and other cities.

Plans for the readjustment of the old loans of the company also are being devised, under the direction of J. K. Choy, general manager of the company. The loan orergapization plans, when completed, will be submitted to the Ministry of Communications for consideration and approval. Meanwhile, it is understood, the company has adopted a retrenchment policy, in order to remedy the present stringent financial situation and to render possible an early readjustment of the old loan obligations which have constituted the chief obstacle to the development of the concern.

A GOOD START!

Whether in the world of sport, or in the affairs of everyday life, a good start is 'half the battle.' Start the day feeling right and things will usually go well all day.

Your physical and mental energy largely depend upon the state of your digestive system. A congested food tract, a torpid liver, greatly reduces efficiency both of brain and body. If conscious that you are 'out of condition' try a dose of Pinkettes to-night, and see how much better and brighter you will feel to-morrow.

Pinkettes are laxative perfection, and they aid digestion, improve the appetite, keep the breath sweet, the skin clear, relieve piles. Of chemists everywhere.

In the United States Court for China

ELISHA W. JOHNSON, Plaintiff, vs. BEATRICE ELENORA TRENT JOHNSON, Defendant.	Cause No. 3953 Civil No. 1872 ORDER Filed at Shanghai, China, this 4 day of March, 1936. William T. Collins, Clerk. L. T. Kenake, Asst. Clerk.

ORDER

The object of this suit is the dissolution of the bonds of matrimony between the parties hereto.

WHEREAS Plaintiff herein by his attorneys, on the 4th day of March, 1936 made application for the substitution of publication for personal service of summons upon the Defendant herein; and

WHEREAS it appears from the files of this case that on the 3rd day of March, 1936, the summons for the Defendant was returned by the Marshal of the United States Court for China "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 14th day of September, 1935, Elisha W. Johnson, the Plaintiff herein, filed an affidavit to the effect that the Defendant herein was not residing in the Republic of China;

NOW, THEREFORE, it is this 4th day of March, 1936, ORDERED that service upon the Defendant be made by publication once a week for three consecutive weeks in the *China Weekly Review*, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the Defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 21st day of March, 1936, the day of the last publication of the Order; otherwise the case will be proceeded with as in cause of default.

BY THE COURT.

MILTON J. HELMICK,
Judge,
United States Court for China.

THE TANAKA MEMORIAL

Much debated secret document outlining Japan's imperial policy of conquest—supposedly presented to the Emperor of Japan by Premier Tanaka on July 25, 1927.

Although officially repudiated, Japan has nevertheless followed the Memorial's recommendations since 1931.

Preparing for War with U. S. A.?

The Tanaka Memorial should be read by all students of the Far Eastern Question. Send for a copy, the price is only 10-cents, with an additional 5-cents for postage.

Address orders to

THE CHINA WEEKLY REVIEW
160 Avenue Edward VII
Shanghai.

Men and Events

Roy G. Allman, American attorney in Shanghai, departed last week on a trip to Manchuria.

Nelson T. Johnson, American Ambassador to China, arrived in Shanghai from Nanking Mar. 8. After a few days' stay here he proceeded to Peiping.

Capt. James M. McHugh, former Intelligence Officer connected with the U. S. Marine force at Shanghai is now stationed at the Marine Corps Schools, Quantico, Virginia.

Mrs. C. E. Gauss, wife of the U.S. Consul General in Shanghai, arrived in Shanghai from the United States March 9 by the s.s. *President Coolidge*, accompanied by their sixteen-year-old son.

Baron J. Guillaume, Belgian Minister to China, accompanied by Baroness Guillaume, arrived in Shanghai from Peiping Mar. 9. He is expected to remain here for a month before returning to Peiping.

Dr. O. C. Kiep, chairman of the German Economic Mission to China, addressed the Pan-Pacific Association of Shanghai at the Metropole Hotel March 11, on "Economic Conditions in Germany.

Dr. Wellington Koo, Ambassador to Paris, called on General Chiang Kai-shek, President of the Executive Yuan, Mar. 7. He then proceeded to Shanghai. It is understood that Dr. Koo will embark for Paris about the end of this month.

March 12, being the anniversary of the death of the late President Dr. Sun Yat-sen, the Shanghai Post Office observed Sunday hours. The Post Office Savings Bank and Money Order and Parcel Departments were closed during the entire day.

A recent Nanking message stated that the Ministry of Foreign Affairs is paying special attention to the report that a number of foreign (Japanese) warships have visited the Lienyung (Haichow) Harbor without the permission of the Chinese authorities.

K. P. Chen, General Manager of the Shanghai Commercial and Savings Bank and advisor to the Ministry of Finance, who was originally scheduled to leave for America last Sunday aboard the *Empress of Japan* on an investigation tour, postponed his depature till Mar. 13.

The *Ta Kung Pao* in Tientsin, one of the principal Chinese daily newspapers in North China, will start publishing a Shanghai edition beginning from April 1. Part of the staff in Tientsin will be transferred to Shanghai, while a large group of new men will be employed.

Mr. and Mrs. H. F. Seitz of the Standard-Vacuum Oil Company departed last week on a trip to the United States where they plan to spend several months on vacation. After visiting at Mr. Seitz's home in Ohio they will proceed to New York and also may visit Europe prior to their return to Shanghai.

Masae Shimada, 20-year-old Japanese waitress, was being sought by the Japanese Consular Police in Shanghai Mar. 9 following her disappearance from the Unzen Kaku Restaurant, 641 North, Szechuen Road, several days previously. The girl, Japanese papers said, arrived from Nagasaki on Feb. 18.

Dr. J. M. Henry, Provost of Lingnan University, Canton spent a few days in Shanghai last week on his way to the United States on a business trip. From Shanghai Dr. Henry went to Mukden by train, from which point he flew to Japan and embarked on the s.s. *Empress of Japan* from Yokohama.

A committee has been organized by the Hopei Provincial Government to administer the confiscated property of the late Gen. Chang Ching-yao, former warlord who was assassinated by unknown gunmen in Peiping last year. It is understood that the proceeds will be primarily devoted to charitable work.

Two passengers, including a soldier and a postal courier, were killed and more than 20 others injured at Peimienchiao near Anking, the provincial capital of Anhwei, Mar. 4 as a result of the overturning of an omnibus on the Anking-Hopei Highway. This was the second motor accident on said highway in a week.

Cheng Tsao, of Honolulu, who was a close associate of Dr. Sun Yat-sen during the early days of the Revolution, and a resident in Shanghai for the last two years, sailed Mar. 9 on s.s. *Empress of Japan* for Honolulu, to conduct an economic survey of the Chinese in the Hawaiian Islands for the Economic Research Department of the Central Bank of China.

Mrs. Margaret Sanger (Mrs. J. Noah H. Slee), noted American birth control advocate, passed through Shanghai May 8 on the s.s. *Empress of Japan* enroute to Honolulu from Hongkong, where she was taken seriously ill last week. Her illness caused her to cut short her lecture tour at Hongkong and also to abandon her proposed lecturing in Shanghai and North China. She is proceeding to Honolulu to recuperate.

Dr. Clair E. Turner, Professor of Public Health in the Massachusetts Institute of Technology, was a visiter to Nanking last week. On March 4 he paid a call on Dr. Wang Shih-chieh, Minister of Education, and Dr. J. Heng Liu, Director of the National Health Administration. The American educator also visited the educational institutions and inspected the progress of health education in the capital.

According to Dr. F. C. Yen, brother of Dr. W. W. Yen, who is in Shanghai, the Chinese Ambassador to the U.S.S.R. is still in Moscow and will not arrive in China till the end of March.

Dr. Wong Wen-hao, Secretary-General of the Executive Yuan, and Dr. Y. T. Tsur, Vice-Minister of Industries meeting of the Board of Trustees of the Peiping Medical of College this week.

President Manuel L. Quezon of the Philippine Commonwealth is scheduled to sail from Manila on March 16 by the s.s. *President Coolidge* to Hongkong, where he will spend a week's vacation.

Miss Anna May Wong, Chinese-American film star, returned to Hongkong recently from Manila. She proceeded immediately to Canton en route to her home in the Taishan district to visit her father.

Dr. and Mrs. W. W. Lockwood of the National Committee of the Y. M. C. A. have returned to Shanghai from an extensive trip to the United States. They are living at 10A Route Winling, French Concession.

The death occurred at Soochow Feb. 24 of Dr. John A. Snell, for many years connected with Soochow Hospital and the Methodist Mission. Dr. Snell, who was an expert surgeon, came to China in 1909. He succeeded Dr. W. H. Parker, founder of the Hospital, on the latter's death in 1927. He leaves a widow, two married daughters, a son and two daughters in college in America, and two sons in the Shanghai American School.

In the Jan. 25 issue of the *Washington Post* a letter appeared from T. A. B. Barefoot discussing Sino-Japanese relations, in the course of which he said: "Under present conditions I would not support passage of a law to admit more Japanese into this country unless it provided that no Japanese should enter any American territory, until the Japanese troops had been withdrawn from all parts of China."

Christy Mathewson, Jr., American airman who was seriously injured three years ago when the plane in which he and his bride were taking off on their honeymoon suddenly crashed near Lunghwa airdrome, Shanghai, returned to Shanghai this week from San Francisco. His mother had arrived here several weeks earlier. They are staying at the Hotel Metropole. After remaining here for a month or so they intend to proceed to Manila.

The Japanese manager of the Hsin Chung Company, affiliated with the South Manchuria Railway Company, arrived in Shanghai end of last week. He is here with the object of organizing a branch office of the company in Shanghai. He will later proceed to Canton and Nanning, capitals of Kwangtung and Kwangsi provinces respectively, for the organization of branch offices in said cities.

An inquest was begun in the British Police Court in Shanghai March 10 into the death of E. Skeffington-Smith, who died suddenly during the noon hour at the Broadway Mansions Mar. 8. The deceased was the son of Lieutenant Colonel G. H. P. Skeffington-Smyth, of a prominent British family. He had recently arrived in Shanghai with his wife and was planning a trip to Peiping and Japan before returning to England via the United States.

The March issue of *Asia* Magazine reprints, with due credit to the *China Weekly Review*, the translations of the correspondence between Dr. Hu Shih, eminent Chinese scholar, and Takamobu Murobushi, an equally famous scholar in Japan, originally published in this journal Dec. 14 last. In his letter Dr. Hu emphasized his belief that the central problem is to remove hatred and resentment between the two people, rather than "to talk about Sino-Japanese friendship in empty words."

The faculty and students of Wilson College for Women at Chambersburg, Pa., has taken over the financing of the education of Helen Priscilla Stam, infant daughter of the late John and Betty Stam, American missionaries who were murdered by communist troops in Anhwei province. Mrs. Stam was a graduate of Wilson College. The latest addition to the growing list of books dealing with the lives of the late Rev. and Mrs. Stam is a volume entitled "John and Betty Stam," by Lee S. Huizenga, published by the Zondervan Press, Grand Rapids, Mich.

Tsinan Rotary Club Celebrates Fourth Anniversary

The Tsinan Rotary Club celebrated the fourth anniversary of its official inauguration, Feb. 22 in the guest rooms of the Bank of Communications. In the course of the dinner the President of the club, J. C. Croome, welcomed the guests, who included the Governor's representative, Chang Hung-lieh, and the Mayor of Tsinan, Wen Cheng-li. Distinguished foreign visitors included Dr. Siebert, the German Consul of the port, and Dr. Kiep, Head of the German Economic Mission to the Far East, who had recently been elected an honorary member of the Tientsin club. Other guests were Messrs. Wan and Tseng, from Kaifeng who are interested in the formation of a Rotary club in that city, an effort towards which the Tsinan club is assuming social responsibility.

The *Tsinan Analects*, the weekly bulletin of the Tsinan Rotary Club, in its issue of March 5 contains a paragraph contributed by J. C. Croome, the Tsinan Club's president, to the effect that Dr. C. T. Wang, since he was elected as Governor of the 81st District, which came into being last October, has strongly urged the extension of Rotary to such cities as Sian, Taiyuanfu, Kaifeng, Nanchang, Changsha, Chungking, and several others.

Foundation Stone Is Laid for New Railway Building in Shanghai

The foundation stone of the new Administration Building of the Shanghai-Nanking, and Shanghai-Hangchow-Ningpo Railway was laid with appropriate ceremony March 7. Situated east of the North Station, the new building when completed, will be ten stories high. The total cost for construction and equipment is estimated at $700,000. The ceremony was presided over by Huang Po-chiao, managing director of the Shanghai-Nanking and Shanghai-Hangchow-Ningpo Railway Administration, who made a report on the necessity of constructing the new building to replace the old one which was demolished by Japanese gunfire during the Sino-Japanese hostilties in 1932.

Since the destruction of the old building, the various departments of the railway administration have been carrying on their affairs in four separate buildings at annual rentals aggregating $70,000.

Contract for New U.S. Consulate Building in Shanghai Must Be Let Before June 30

Plans for the new U. S. Consular building, which is to be erected on the old site in Whangpoo road, are expected to be completed at Washington, D. C. by the end of this month. The contract, which involves an expenditure of U.S. $750,000, has to be let before June 30, otherwise the Congressional appropriation for same will lapse.

Shanghai "U" Plans Thirtieth Anniversary —Will Construct Auditorium

The University of Shanghai will celebrate its thirtieth anniversary this autumn, according to the announcement made by President H. C. E. Liu. At a special meeting of the Board of Directors of the University Mar. 7 it was decided, as a part of the celebration to proceed immediately with the construction of a chapel and auditorium, at an approximate cost of $70,000. The university lacks about $25,000 for the project, which amount it hopes the alumni and friends will contribute. Dr. John Y. Lee, chairman, presided at the meeting of the board.

"Time" Explained Meaning of "Twerpish" Yin Ju-keng

On December 30 the magazine *Time* published a picture of Yin Ju-keng, head of the East Hopei Anti-Communist Autonomous Government with a descriptive underline in which appeared the word "twerpish." This prompted a reader of *Time* (Warren C. Propes of Berkeley, Cal.) to inquire the meaning of the word. In its Jan. 20 issue the editor explained that a "twerp is a small, pretentious, ineffective and unpleasant person whose mode of self-expression falls between a twitter and a chirp."

The *Journal de Pekin*, French paper, on Feb. 25 published a reference to Mrs. Yin Ju-keng who resides in Peiping. She is of Japanese nationality and is related to Gen. Kenji Doihara. Yin Ju-keng, against whom the Nanking Government has issued an order of arrest on the ground of traitorous activities, drives into Peiping three or four times a week to visit his Japanese wife. The writer in the French journal said that the Chinese policeman stationed near Yin's residence "turns his head the other way when Yin drives by." The account closed with the statement that when Yin and Doihara have a conference on the North China political situation it is simply a meeting of members of the same family."

Charlie Chaplin and Other Movie Celebrities Visit Sharghai

Shanghai entertained several prominent movie celebrities during the week and had its attention drawn to several others. Charlie Chaplin, whose new film "Modern Times" is at present being shown in the United States, and will shortly be brought to Shanghai, arrived here beginning of the week by the s.s. *President Coolidge*, accompanied by Miss Paulette Goddard. The latter, in an interview, admitted that they are engaged to be married. While here Chaplin and his financee were guests at a reception at the International Arts Theater. They proceeded south by the same steamer and will probably also visit Java.

Warner Oland ("Charlie Chan") arrived ahead of schedule in Japan on the s.s. *Taiyo Maru* this week. In an interview he stated that he expected to come to China and remain here for some time absorbing local color for future films. He is due in Shanghai end of next week.

Douglas Fairbanks and Lady Ashley were married in Paris Mar. 7. It was announced that they would in due course arrive in China where a film is to be prepared depicting the adventures of Marco Polo. For the moment they are in Spain.

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Is Your Child Disobedient?

Some children can be most trying as many a mother knows, cross, disobedient and sulky all day long. In such cases, patience and tact is required, for punishment usually only serves to aggravate the trouble. Frequently the cause lies in some slight derangement of the digestive or eliminative organs which can quickly be put right by a dose of Baby's Own Tablets. Children like these Tablets because they are not like medicine in appearance, and have a pleasnt taste.

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New Books of Interest in the Far East

Secretary of Agriculture Wallace's Program Is Criticized

The New Deal and Foreign Trade. By Alonzo E. Taylor, Director of Food Research Institute, Stanford University, California. New York: MacMillan Company, 1935. *xii,* 301 *pages, index. U.S.*$3.00.

With the approaching presidential election in the United States there will be an increasing number of books evaluating the policies and accomplishments of the Roosevelt administration. Among the critics of the New Deal few will be found more destructive than Dr. Taylor, whose book is under review. Dr. Taylor has taken the pronouncements of Secretary Wallace of the Department of Agriculture, one of the chief spokesmen for the administration, and gives evidence to show that Mr. Wallace's plans will neither take the United States out of her agricultural problems, nor yet help solve the problem of world trade.

Secretary Wallace's book "New Frontiers" was a stirring and idealistic challenge to American citizens, as was also his America Must Choose, a World Affairs Pamphlet stating the administration policy in international trade. Dr. Taylor's book gives the other side to the picture. He himself describes his book as "openly but respectfully critical." The arguments are vigorously convincing.

Since Dr. Taylor's book is an intended refutation of Secretary Wallace's plan for solving depressed agriculture in the United States it is necessary to state that Secretary Wallace presented three choices: the first, the way of nationalism, requiring a limitation of crops; the second the way of internationalism, leaving tilled land in the United States as it is, exporting more farm products and allowing import of more manufactured goods under conditions of virtual free trade; the third (advocated by Secretary Wallace), the "planned middle course." This would require a reduction of tilled land, an increase of imports of manufactured goods—or a planned agriculture, a planned urban industry, and a planned foreign trade.

Dr. Taylor asserts that Secretary Wallace has not taken sufficiently into consideration the point of view of foreign nations; that a revived foreign commerce cannot be the same thing as commerce before the war; that foreign need of farm products has been reduced under active national encouragement of agriculture; that industry is more widely dispersed than in the pre-war period, and that recently industrialized nations, such as Russia, Japan and India, cannot be expected to yield their competitive position. Dr. Taylor has used statistics of the various countries to prove his points.

Under Secretary Wallace's plan, Dr. Taylor points out, foreign trade becomes a matter of social reform, a nation which he says comes dangerously close to the Trotsky communist theory that a nation should employ social convictions to influence foreign policy. Bilateral treaties were the chief weapon in the Wallace armory. But Dr. Taylor shows that more important than trade agreements are monetary agreements between countries; that tariff rates cannot be lowered until currencies are stabalized, and that the world has been the lack of organization in this field. Nor can the support of the United States be counted upon in this plan of the Secretary of Agriculture—the plan depends too much upon the national domestic political situation.

In reading Secretary Wallace's writings one was almost persuaded by the charm, the idealistic appeal, the need to find a new way out of the chaos in production and exchange. Dr. Taylor's book carries conviction of a different kind. It is well to have this conviction so ably stated. A sound foreign trade policy demdands not only right intentions, but intelligent judgment of the circumstances and policies of other nations.

F. M. R.

American Influence in Canada

Canada: An American Nation, by John W. Dafoe. New York, Columbia University Press, 1935. 134 *pages, index. U.S.*$2.00.

This group of three lectures delivered at Columbia University by John Dafoe, editor of the *Winnipeg Free Press*, affords interesting illustration of the influence of one nation upon an adjoining nation. Mr. Dafoe has been at great care to show how the governmental structures in Canada and the United States rest upon a common foundation of early American customs, social attitudes and political beliefs. Far from aping the American institutions, Canada has gone about developing and adapting British methods of government to such an extent that with Australia she has set the pace for Great Britain herself.

Lord Bryce in his Modern Democracies described Canada as "an actual democracy." In Canada, he said, "better perhaps than in any other country, the working of the English system can be judged in its application to the facts of a new and swiftly growing country, thoroughly democratic in its ideas and institutions."

The influence of the United States upon Canada has been of two kinds—negative and positive. The Civil War in the United States showed Canada the danger of overemphasis upon provincial interests in conflict with national interests. The positive influence is seen in Canada's leadership in formulating the new imperial policy. Canada plainly shows that her interests are those of a North American country. Her policies in respect to world affairs lead in the same general direction as do those of the United States.

F. M. R.

An Abstruse Russian Work

Ivan Moscow, by Boris Pilniak. Boston: Christopher Publishing House, 1935. Price U.S. $1.50. *Translated by A. Schwartzman.*

Boris Pilniak, author of "The Volga Flows to the Caspian Seas" and one of the most popular modern Soviet writers, has gone ultra-modern in this brief little novelette about a Soviet protagonist named Ivan Moscow. We see Ivan fighting in the civil wars, we see him at work in a big chemical combinat, and we journey with him by airplane to Moscow and back. But when the book is completed, we are confused and, frankly, do not know what it is all about. Apparently it is a mixture of praise for the Soviet upbuilding of an industrial state combined with satire, not too satirical to tread on any of the Kremlin's toes, on some of the situations which have arisen in the struggle for Stalinism. Certainly the Russians must be extremely clever if they can read a book like "Ivan Moscow" and digest it then and there. Parts of it are as abstruse as James Joyce's "Work In Progress" or Gertrude Stein at her best, or worst. Perhaps Pilniak was at his worst when he wrote this volume: other books he has written can at least be understood.

A. B.

A Complete and Up-to-Date Official Handbook

Official Handbook of the World, 1936. *Edited by Walter H. Mallory Published by Harper & Bros., N.Y., for Council on Foreign Relations. U.S.*$2.50.

This is the current revised issue of a volume which has been published annually since 1928. Its contents and purpose may be described in a few words. As is succinctly stated on the blurb, the volume gives in compact and readable form the essential information regarding all the countries of the world; the composition of the governments, the programs of the political parties and their leaders—the political affiliations, and editors of leading newspapers and periodicals. It contains a section on the organization and function of the League of Nations, the World Court and the International Labor Office. It provides the facts necessary to an intelligent understanding of world events as they are reported from day to day. It gives information about 80 countries in alphabetical order, commencing with Albania and ending with Jugoslavia. It will answer questions like these, and hundreds of others: Who is the president of El Salvador? What are the political organs of the Soviet Republics? What were the results of the last election in Germany? The Handbook is as up-to-date as any book can be. The king of Great Britain is correctly given as Edward VIII, even though his accession took place so recently as Jan. 22, 1936.

Kailan Mines Are Discussed in "Far Eastern Survey"

Far Eastern Survey, the fortnightly research service of the American Council, Institute of Pacific Relations, (129 East 52nd St., N.Y.) in its Nov. 20 issue covered among other subjects the Kailan Coal Mines, and the foreign interest in same, commenting as follows: "The alleged indifference of the South Manchuria Railway to the reported British proposal to sell its interest in the Kailan Mines in northern Hopei, suggests a growing assurance on the part of the Japanese of their ability either to secure adequate coal supplies elsewhere or the purchase of the interests at a much lower figure in the not distant future."

The *Survey* also contains an article showing that although Manchuria has supplanted the United States as the leading market for Japanese goods, an analysis of Japan's economic needs reveals that Manchuria may become a definite liability and heavy drain on Japan's limited resources.

W. W. Lockwood, Jr., Discusses Japanese Silk

The Feb. 12 issue of the *Far Eastern Survey*, contains an article on "Japanese Silk and the American Market," by William W. Lockwood, Jr., son of Mr. Lockwood of the National Committee of the Y.M.C.A. in China.

French Police Stop Chinese Y.M.C.A. Lectures

Declaring that the speeches delivered by various people in the Y.M.C.A. are too "radical" and these speeches will inevitably lead to serious disputes, the police authorities of the French Concession have ordered the Y.M.C.A. authorities to stop these speeches in the future.

As a result, says the *Sin Wen Pao*, the speech which was scheduled to be delivered by Chang Min-yang on the subject of "The European Situation and the Far East Problem" on Mar. 7 was cancelled.

Aged Italian Duchess Backs Ciano to Oust Crown Prince

Edmond Taylor, *Chicago Tribune* correspondent in Paris, telegraphed Feb. 8 that while Italy's armies are battling desperately for victory in Ethiopia, an equally bitter but secret struggle for power is going on in Rome. This occult battle is being waged by the dowager duchess of Aosta and Premier Mussolini's son-in-law, Count Ciano, against King Victor Emmanuel and Crown Prince Humbert. The dowager duchess of Aosta (65 years of ago) aspires to replace Crown Prince Humbert as heir to the throne with her son, Duke Amadeus of Aosta. In order to realize her ambition, she has cast in her lot with Mussolini, in contrast to the other members of the royal family, who have never done more than unwillingly tolerate Il Duce's domination. The birth of Crown Prince Humbert in 1904 was a terrible disappointment to her. She has never become reconciled to it, and when the Ethiopian war aggravated the already existing friction between Crown Prince Humbert and Mussolini, she joined forces with the Duce's most powerful henchman, Count Ciano, in order to exploit Italy's critical situation for the benefit of her son. Count Ciano is described as the only man in whom Mussolini still places absolute confidence. He is a scion of one of Italy's oldest families, related to the Sforzas, Estes, and Medicis, which has never accepted the supremacy of the dynasty of Savoy over Italy.

It is Ciano who is largely responsible both for Mussolini's African war and the antagonism between the dictator and the royal family, for he is obsessed by the fear that when King Victor Emmanuel dies and Crown Prince Humbert succeeds to the throne the latter will dismiss Mussolini and take the reins of government into his own hands. The king, who is now in his sixty-seventh year, would have abdicated long ago, it is said, owing to the intolerable situation in which he finds himself under Mussolini's overrule, but for the fact that he sincerely believes his presence on the throne necessary to the welfare of the Italian people.

Mussolini's entire African policy is said to be based upon his adventurous son-in-law's intrigues and is dictated solely by the desire to strengthen his waning popularity. The dictator's most fervent supporters today are all friends of Count Ciano, members of old Neapolitan and Sicilian families who in their hearts hate and despise the royal house of Savoy. Standing alone in face of this conspiracy, Crown Prince Humbert and his young wife, the former Princess Marie Jose of Belgium, have from the beginning disapproved of Mussolini's African war of conquest. The crown prince is known to be frankly pessimistic regarding the outcome of the war, which he believes must leave Italy ruined financially and economically even if her arms should prevail over the Ethiopians.

American Chamber Sponsors China-U.S. Trade Week in Shanghai

The Board of Directors of the American Chamber of Commerce at a tiffin meeting at the American Club in Shanghai Mar. 6 decided upon preliminary arrangements for the observance of a Chinese-American Trade Week, to be held from May 17 to 23. The local celebration will coincide with those occurring in the United States sponsored by the Chamber of Commerce. The Chinese-American Trade Council will co-operate with the Chamber in the event. The program for the week will be arranged by a joint program committee on which representatives of both organizations will sit. The Committee from the Chinese-American Trade Council, will be made up of Chinese entirely. R. E. O'Bolger, manager for China of the Eastman Kodak Company, was named as the Chairman for the Chamber's program committee.

C. E. Gauss, United States Consul-General, and Julean Arnold, American Commercial Attache, were elected as Consulting Directors of the Chamber. Major C. P. Holcomb, a former U. S. District Attorney Shanghai, was authorized to attend the meeting of the United States Chamber of Commerce at Washington, D.C., in the latter part of April. James M. Howes, Secretary of the Chamber, reported a gift of four fine reproductions of American clipper sailing ships presented by Mr. O'Bolger, who is one of the directors. The directors entertained Ambassador Nelson T. Johnson (who had come down from Nanking for a brief visit), Julean Arnold, Consul-General C. E. Gauss and Consul-General Monnet B. Davis, who were the guests of honor of the day.

C.E.R. Employees to Form Association to Mark Sale

Preparations for the formation of an association of employees of the North Manchuria (Chinese Eastern) Railway, on the occasion of the first anniversay of the sale of the line from Soviet Russia to Manchukuo, on March 23, are in progress in Harbin. Officials of local Railway Bureau were also actively engaged in planning some special undertaking which would be started on the anniversary to commemorate the event.

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Singapore Forces to Be Trebled—Third Airdrome to Be Built

Telegrams from Singapore state that the British forces there are being greatly increased.—The 1st Battalion, The Middlesex Regiment, and the 2nd Battalion, The Gordon Highlanders, are due in Singapore shortly, thus triupling the garrison there. Work will begin immediately on Singapore's third airdrome of the Royal Air Force. The airdrome, to be known as G-3, is to be located near the naval base. The contract has been awarded for clearing of a large jungle area and a rubber plantation, which will be used as runways when the airdrome is completed. The project constitutes the British Air Ministry's largest earthwork job to date.

Chinese Workers on Singapore Base Go on Strike

Chinese workers engaged in the building of the Singapore naval base went on strike last week, protesting against the reduction of wages by the British authorities. A demonstration was held by the striking workers March 6. Two women workers are reported to have been arrested by the Singapore authorities.

Chinese Authorities Give Adequate Protection, British Under-Secretary Says

The safety of British subjects in the interior of China was raised in the House of Commons Mar. 9. The Under-Secretary for Foreign Affairs said that only three Britons, captured and held for ransom during the last three years in China, were killed. The remainder were eventually released.

The Foreign Secretary, he continued, was satisfied that in the extremely unsettled state in certain parts of China, the central Chinese authorities gave all the assistance in their power. They regularly informed all British subjects going into the interior which regions were unsafe, and also co-operated with the British naval authorities.

In reply to a question the Foreign Under-Secretary said that British connections in Outer Mongolia were so slight that the expenses of maintaining British representatives there was not justified at present.

Woman Who Was In Daily

"My nerves were in such a state that I was always in dread of something terrible happening." So stated Mrs. E. Freedman, of 5, Old Oak Road, Action, Middlesex, to a reporter.

"Twelve months ago," this English lady continued, "I was taken seriously ill with haemorrhage, and for months I was in agony. My nerves went all to pieces: I really thought I should go out of my mind. I couldn't sleep or eat solid food: my face went green in colour and I fell away to a shadow. It was not safe for me to be alone, and traffic terrified me.

"My husband spent pounds on medical bills in vain, and then one day a visitor recommended Dr. Williams' Pink Pills. After taking them for a while I began to have a renewed interest in life; my appetite came back; I could sleep well and my night horrors disappeared.

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Japan's Program in North China, an exposition of the Imperial Army's view, written by Gen. Hayao Tada, Commander of the Japanese forces at Tientsin. This declaration which aroused world interest constitutes the best explanation of Japan's attitude in fostering an "autonomy" movement in the five Chinese provinces, Hopei, Shantung, Shansi, Chahar and Suiyuan, Price 40c

China and the European Situation, an exposition of the new situation which has developed as a result of the Italo-British-Ethyopian Crisis, written by a well-known authority, Dr. Thomas F. Millard who recently returned from an extended trip to Europe and U. S. A., Price 15c

Why the United States Maintains its Full Naval Strength in the Pacific, an explanation of the developments since 1931 which have made it necessary for America to keep its full naval strength in Pacific waters, Price 15c

All three pamphlets, reprinted from recent issues of *The Review*, will be mailed to readers for 50c. Send stamps if more convenient.

China Weekly Review

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Latest New York Stock Exchange Quotations

March 11, 1936

Stock Exchange— Business Done:-

Total Volume: 2,330,000 Shares

1935-36 High	1935-36 Low	Div. $ per sh.	STOCKS	Last Sale Mar. 9	Last Sale Mar. 10
13¾	4¼	0.10	Adams Express	12¾	12⅝
149¾	110	4.00	American Can	122	125
39½	20¼	0.60	Amer. Cyanamid "B"	33¼	35½
9¼	2	—	American & For. Power	7⅝	7½
42	14	—	American & Foreign Pwr. $7 pfd.	36	36
27¼	10½	—	American Radiator	21½	22
177¼	98⅝	9.00	American Tel. & Tel.	171¼	170½
107	74⅝	5.00	American Tobacco "B"	93¾	93
23¾	7½	—	American Waterworks	21¼	21⅝
36⅜	8	0.25	Anaconda Copper	34⅝	35½
80	35⅝	2.00	Atchison, T. & S. Fe	75¼	76½
53½	15	—	Auburn	49	50⅜
24	7½	—	Baltimore & Ohio	20½	21
59⅜	21⅝	—	Bethlehem Steel	55⅝	57
26¼	6¼	—	Boeing Airplane Co.,	25¼	24⅞
15⅞	8⅝	—	Canadian Pacific Railway	13⅛	13½
123¾	45⅝	—	Case, J. I.	121½	127
47⅞	20¼	1.40	Chase National Bank	37⅜	38¾
74	35	3.00	Chesapeake Corp.	69¼	68½
60⅝	37½	2.80	Chesapeake & Ohio	57⅛	57⅝
100⅝	31	4.00	Chrysler	94½	97½
19¼	3⅝	0.20	Columbia Gas & Electric	17½	18
24¼	16½	0.60	Coml. Solvents	22¼	21⅞
4⅝	0⅝	—	Commonwealth & Southern (ord.)	3¼	3⅛
36⅞	15⅞	1.00	Consolidated Gas of N. Y.	33⅞	34⅝
15¼	6¼	0.25	Consolidated Oil	14½	14⅝
38½	15⅛	.87½	Continental Oil	35	35
78⅝	60	3.00	Corn Products	72½	73¼
78¾	17½	0.75	Douglas Aircraft	69	69⅝
150	86⅝	3.60	Du Pont de Nemours	146⅞	147¾
20½	3½	—	Electric Bond & Share	17¾	18⅜
41½	20½	0.80	General Electric	39¾	39⅞
37½	30	1.80	General Foods	33¾	34½
63⅞	26⅝	2.00	General Motors	60	61¾
50	15⅝	1.00	General Railway Signal	41	44
22	14⅜	1.20	Gold Dust	20⅜	20½
30⅝	15⅜	—	Goodyear Tire & Rubber	26½	27⅝
75½	44	1.00	Humble Oil	70	71⅞
53½	22¼	1.00	International Nickel	48½	50¼
19	5⅜	—	International Tel. & Tel	16¾	17⅛
39	13⅜	1.00	Kennecott	38	37
55¼	31¼	2.00	Loew's Inc.	48½	49
26⅛	18⅛	1.20	Lorillard	23	23¼
103	58	1.00	Monsanto Chemical	100½	101¼
42½	21⅜	—	Montgomery Ward	39¼	40
41⅞	18½	1.00	National City Bank	34¼	35½
25	12¾	1.20	National Dairy Prods.	24⅜	24½
34¼	23¼	2.00	National Distillers	31	31½
14⅜	4⅜	0.60	National Power & Lt.	10½	10⅝
40⅜	12¼	0.10	New York Central	34¾	36⅝
29¾	9	1.00	North American	26⅝	26½
36½	19¼	1.50	Pacific Gas & Electric	34⅛	34⅝
56¾	19	2.40	Pacific Lighting	53¾	53¾
12	3½	0.10	Packard Motors	10⅞	11¼
38⅝	17¼	1.00	Pennsylvania Railroad	34	34¾
45⅝	13⅜	1.00	Phillips Petroleum	42½	43
48¼	20⅜	2.40	Public Serv. of N J	42¼	43
14¼	4	—	Radio Corporation	12¼	12½
58⅝	43¼	3.00	Reynolds Tobacco "B"	52½	53
56¼	22	—	Schenley	49¾	49⅝
69⅝	31	2.00	Sears Roebuck	63¼	62⅝
17	10⅝	0.40	Socony-Vacuum	15⅝	15⅝
28¼	10⅝	1.50	Southern California Edison	25⅝	25¼
38½	12¾	—	Southern Pacific	33¼	34⅜
19⅛	12½	0.80	Standard Brands	16⅜	16⅝
9¼	1⅛	—	Standard Gas & Electric	7½	7½
62⅛	35⅝	1.00	Standard Oil Co. of N. J	59⅝	60⅞
70½	38¾	3.80	Sterling Products	69⅝	69¾
38¾	28¾	2.00	Texas Gulf Sulphur	35½	35⅝
14⅝	4⅞	0.30	Transamerica	13½	15⅝
86¼	44	2.00	Union Carbide & Carbon	83¼	84
138¼	82¼	6.00	Union Pacific	134	133¼
31⅝	9⅜	—	United Aircraft (New)	29⅝	29⅞
17¼	4½	—	United Airline Trans.	15⅜	16¼
8½	1⅛	—	United Corporation	7¼	7¼
19½	9¼	1.00	United Gas Improvement	16⅝	16⅝
50⅝	35¼	2.00	U.S. Indus. Alcohol	48	49⅝
21¼	9½	—	U. S. Rubber	20¼	21½
67	27¼	—	U. S. Steel	63⅝	65
26½	11¼	—	Vanadium	23¾	23⅞
14	2¼	—	Warner Bros. Pictures	11⅜	11⅞
121¾	32⅝	1.75	Westinghouse Electric	114¼	117¼

Call Money: 0¾ %

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YOUR PRIDE STARTS WITH THE ENGINE

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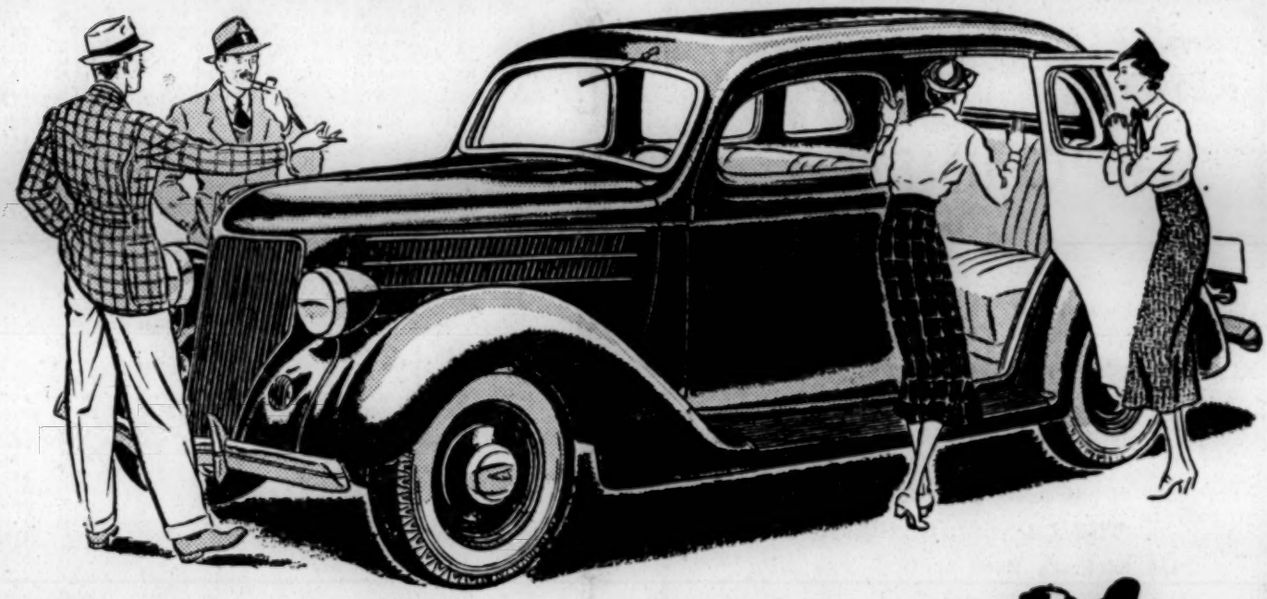

THE PRIDE that owners of the new Ford V-8 for 1936 feel in their car is based on confidence. They know that the V-8 type of engine stands for a high standard of excellence—that it is found only in the most expensive cars.

But their pride does not stop there, for every single feature of the new Ford is built to the exacting standard of the Ford V-8 engine. It is built to be beautiful, inside and out. Safety Glass in every window, Super-Safety Brakes, and a welded, all-steel body make the new Ford safe. And many engineering improvements add to the comfort of driver and passenger.

Stop at your dealer's today and see the new Ford. It is a car that any one may be proud to own.

Here are some outstanding features of the 1936 Ford V-8

- Easier steering—17-to-1 ratio
- Effortless gear shifting
- Newly styled front end and fenders
- Better cooling
- Silent low and reverse speeds

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